

Dated June 3, 2024

NORTHERN LEAF PLC

WARRANT INSTRUMENT



This Instrument is dated **June 3, 2024**

BY

Northern Leaf Plc, a public limited company incorporated under the laws of Jersey, (registered number 128967) whose registered office is at 13 Castle Street, St. Helier, JE1 1ES, Jersey (the **Company**).

IN FAVOUR OF

[REDACTED] (the **Warrantholder**).

Background

In connection with the provisions of financing under a convertible loan note instrument entered into on [date] 2024 between [REDACTED] the Warrantholder (as noteholder) and the Company (the **Investor Loan Note Instrument**), the Company has agreed to create and issue the Warrant (as defined below) to subscribe for Warrant Shares (as defined below) each in the capital of the Company on the terms and subject to the conditions of this Instrument.

Agreed terms

1 Interpretation

1.1 In this Instrument and the Schedules, except where a different interpretation is necessary in the context, the words and expressions set out below shall have the following meanings:

Articles means the articles of association of the Company, as amended time to time;

Board means the board of directors of the Company from time to time;

Business Day means a day (excluding Saturdays and any public holiday) on which banks are generally open for business in Jersey;

Certificate has the meaning given in clause 3.2;

Conditions means the terms and conditions set out in Schedule 3 (subject to any alterations made in accordance with this Instrument);

Exercise Notice means a notice in writing in the form, or substantially in the form, set out in Schedule 2;

Exercise Period means the period commencing on the date of the Relevant Event Notification and expiring on the date of the Relevant Event;

Group means the Company, any subsidiary or any holding company of the Company and any other subsidiary from time to time of a holding company of the Company;

Investor Loan Notes means the up to £2,500,000 unsecured convertible loan notes of the Company constituted by the Investor Loan Note Instrument;

Investor Loan Note Instrument has the meaning given in the background section above;

IPO means an initial public offering of the Ordinary Shares and the admission to trading on a stock exchange or other recognised public market;

Issued Shares means 184,485,083 Ordinary Shares and 33,869,951 Preference Shares, representing the issued Shares of the Company as at the date of the Investor Loan Note Instrument;

Issued Shares Post CLN Conversion means the aggregate number of:

- (a) the Issued Shares;
- (b) the Ordinary Shares issued by the Company on the conversion of the Investor Loan Notes; and
- (c) the Ordinary Shares issued by the Company on the conversion of the Shareholder Funding Loan Notes;

Law means the Companies (Jersey) Law 1991, as amended;

Ordinary Shares means the ordinary shares of £0.01 each in the capital of the Company from time to time (and, if there is a sub-division, consolidation or reclassification of such shares, the shares resulting from that event), having the rights and being subject to the restrictions set out in the Articles;

Preference Shares means the preference shares of £0.01 each in the capital of the Company from time to time (and, if there is a sub-division, consolidation or reclassification of such shares, the shares resulting from that event), having the rights and being subject to the restrictions set out in the Articles;

Relevant Date means the earlier of:

- (a) the date of the IPO; and
- (b) the date of the Sale;

Relevant Event means each of :

- (a) the IPO; or
- (b) the Sale.

Relevant Event Notification means a notice from the Company to the Warrantholder, informing him of the Relevant Event and containing:

- (a) details of the nature of the Relevant Event;
- (b) the anticipated earliest date on which such Relevant Event could occur; and

- (c) all other information available to the Company which is or might reasonably be requested by the Warrantholder in respect of the Relevant Event and which the Company is lawfully able to supply to the Warrantholder;

Register means a register of Warrantholders referred to in clause 3, and kept and maintained in accordance with paragraph 1 of Schedule 3;

Registered Office means the registered office of the Company from time to time;

Sale means the completion of any transaction or series of transactions in which any persons or group of persons acting together acquires or otherwise obtains all of the Shares in the Company;

Shares means shares in the capital of the Company (including, without limitation, the Ordinary Shares and the Preference Shares);

Shareholder Funding means the Company receiving a cash amount of up to £1,000,000 as part of a subscription for Shareholder Funding Loan Notes by existing shareholders and employees of the Company on or around the date hereof;

Shareholder Funding Loan Notes means the up to £1,000,000 unsecured convertible loan notes to be issued by the Company to existing shareholders and employees of the Company pursuant to the Shareholder Funding;

Subscription Rights has the meaning given in clause 2.3;

Warrant means 1 warrant to subscribe for Warrant Shares, on the terms and subject to the conditions of this Instrument; and

Warrant Shares means the Ordinary Shares to be issued on the exercise of the Warrant and the Subscription Rights.

- 1.2 Clause, Schedule and paragraph headings shall not affect the interpretation of this Instrument.
- 1.3 References to clauses and Schedules are to the clauses of and Schedules to this Instrument, and references to paragraphs are to paragraphs of the relevant Schedule.
- 1.4 The Schedules form part of this Instrument and shall have effect as if set out in full in the body of this Instrument. Any reference to this Instrument includes the Schedules.
- 1.5 A reference to this Instrument is a reference to this Instrument as varied or novated in accordance with its terms from time to time.
- 1.6 Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.
- 1.7 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.8 Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those words.
- 1.9 Any reference to any statute or statutory provision shall, unless the context otherwise requires, be construed as a reference to such statute or statutory provision as the same may have been, or may be, amended, varied, modified, extended, consolidated, re-enacted or replaced and shall be deemed also to refer to any statutory instrument, regulation or order made thereunder.
- 1.10 £ means Great British pounds sterling.

2 Constitution, grant and form of Warrant

- 2.1 The Company hereby constitutes the Warrant to permit the Warrantholder to subscribe for the Warrant Shares on the terms and subject to the conditions of this Instrument.
- 2.2 The Warrant shall be issued on the terms and subject to the conditions of this Instrument (including the Conditions) which are binding on the Company and the Warrantholder, and all persons claiming through or under the Warrant.
- 2.3 The Warrant shall confer the right (but not the obligation) on the Warrantholder to subscribe for the Warrant Shares on the terms and subject to the conditions of this Instrument (**Subscription Rights**).

3 Register and Certificates

- 3.1 The Company shall maintain the Register in accordance with the Conditions.
- 3.2 The Company shall, within 5 Business Days of entering the name of the Warrantholder in the Register, issue to that Warrantholder, without charge, one certificate in respect of the Warrant registered in his name in the form, or substantially in the form, set out in Schedule

1 and executed by the Company in accordance with the Law (the **Certificate**), together with a copy of this Instrument.

- 3.3 If the Certificate is defaced, worn out or said to be stolen, lost or destroyed, it may be replaced, without charge, on such terms as to evidence and indemnity as the Board may decide and, where it is defaced or worn out, after delivery of the old Certificate to the Company.

4 Exercise and lapse of Subscription Rights

- 4.1 The Warrantholder may exercise its Subscription Rights in accordance with this clause 4 during the Exercise Period.
- 4.2 Upon exercise, the Warrant entitles the Warrantholder to receive such number of Warrant Shares equal to:
- (a) 5% of the total number of the Issued Shares Post CLN Conversion, if the Company's valuation at the Relevant Date is less than £50,000,000;
 - (b) 3.75% of the total number of the Issued Shares Post CLN Conversion, if the Company's valuation at the Relevant Date is between £50,000,000 and £75,000,000; or
 - (c) 3% of the total number of the Issued Shares Post CLN Conversion, if the Company's valuation at the Relevant Date is between £75,000,000 and £100,000,000; or¹
 - (d) 2.5% of the total number of the Issued Shares Post CLN Conversion, if the Company's valuation at the Relevant Date is more than £100,000,000.
- 4.3 The Warrantholder may exercise its Subscription Rights by lodging a duly completed Exercise Notice, together with the Certificate (or an indemnity in place thereof in a form

¹ Note: In the main CLN there was no provision for a valuation between £75M to £100M, so we have suggested 3% but please confirm if this is acceptable.

acceptable to the Board), with the Company in accordance with paragraph 5 of Schedule 3.

- 4.4 Once lodged with the Company, the Exercise Notice shall be irrevocable save with the consent of the Board.
- 4.5 Any Subscription Rights not exercised before expiry of the Exercise Period shall automatically lapse and cease to be exercisable.
- 4.6 Subject to clause 7, if an effective resolution is passed or an order is made for the winding up of the Company, the Subscription Rights and the Warrant to which they relate shall automatically lapse and cease to be exercisable on the date of that resolution or order.
- 4.7 The Company shall promptly supply the Warrantholder with a blank Exercise Notice on request, without charge.

5 Issue of Warrant Shares

- 5.1 Subject to the Articles and to any applicable legal and regulatory requirements, completion of the allotment and issue of Warrant Shares shall, subject to receipt by the Company of the documents referred to in clause 4.3, take place on or before the end of the Exercise Period. Where those documents or that payment is not received by the Company on or before the end of the Exercise Period, the Exercise Notice shall automatically lapse.
- 5.2 Upon completion of an allotment and issue of Warrant Shares, the Company shall, subject to the Law and to the Articles:
 - (a) allot and issue to the Warrantholder (or its nominee) the number of Warrant Shares for which it is exercising its Subscription Rights; and
 - (b) enter the Warrantholder (or its nominee, as appropriate) in the Company's register of members as the holder of the number of Warrant Shares issued to him.
- 5.3 The Warrant Shares issued under clause 5.2 shall:
 - (a) be issued fully paid;
 - (b) rank pari passu and form one class with the fully paid shares of the same class then in issue, subject to the Articles; and
 - (c) entitle the registered holder to receive any dividend or other distribution announced or declared on or after the date of issue of the Warrant Shares.
- 5.4 No fractions of a Warrant Share shall be allotted or issued on the exercise of any Subscription Rights and no refund will be made to the Warrantholder exercising such Subscription Rights. If the exercise of any Subscription Rights would require a fraction of a

Warrant Share to be allotted, the aggregate number of Warrant Shares so allotted to a Warrantholder will be rounded down to the nearest whole Warrant Share.

6 Undertakings and information

6.1 The Company shall:

- (a) procure that the Board shall at all times during the Exercise Period have authority pursuant to the Articles and any applicable legal and regulatory requirements to grant Warrant and to issue Warrant Shares on exercise of any Subscription Rights in accordance with the terms of this Instrument; and
- (b) subject to any obligations of confidentiality, send to the Warrantholder a Relevant Event Notification not less than [10]² Business Days prior to the expected date of the Relevant Event.

7 Winding up

7.1 This clause 7 applies if:

- (a) the Exercise Period has not expired;
- (b) the Subscription Rights remain unexercised; and
- (c) an effective resolution for the winding up of the Company is passed, which is preceded by the making of a statutory statement of solvency under article 154 of the Law or the Company is otherwise subject to a winding up or liquidation procedure in Jersey or elsewhere.

7.2 In the circumstances set out in clause 7.1, the Warrantholder with unexercised Subscription Rights shall, for the purposes of ascertaining its rights in the winding up, be treated as if it had, immediately before the passing of the resolution, fully exercised its outstanding Subscription Rights and shall be entitled to receive out of the assets available in the liquidation pari passu with the holders of the Ordinary Shares such sum as it would have received had it been the holder of all such Ordinary Shares to which it would have been entitled by virtue of that exercise after deducting a sum equal to the sum which would have been payable for Warrant Shares, but nothing in this clause 7 shall require a Warrantholder to make any payment to the Company or any other person.

8 No transfer of Warrant

8.1 The Warrant shall not be sold, assigned, hypothecated or otherwise transferred by the Warrantholder, except that the Warrant may be transmitted to any person acquiring the

² Note: Please confirm that 10 Business Days notice period to exercise the Warrant is acceptable.

Warrant upon the death of a Warrantholder by will or the laws of descent and distribution in accordance with the provisions of paragraph 2 of Schedule 3.

9 Variation

- 9.1 Subject to clause , no variation or abrogation of the terms of this Instrument or of all or any of the rights for the time being attached to the Warrant shall be effective (whether or not the Company is being wound up) without the consent of the Company and the Warrantholder.

10 Severance

- 10.1 If any provision or part-provision of this Instrument is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause 10 shall not affect the validity and enforceability of the rest of this Instrument.

11 Notices

- 11.1 Any notice to be given to or by the Warrantholder for the purposes of this Instrument shall be given in accordance with the provisions of paragraph 4 of Schedule 3.

12 Governing law and jurisdiction

- 12.1 This Instrument and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of Jersey.
- 12.2 Each party irrevocably agrees that the Courts of Jersey shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Instrument or its subject matter or formation (including non-contractual disputes or claims).

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SCHEDULE 1

FORM OF WARRANT CERTIFICATE

NORTHERN LEAF PLC

(Registered number: 128967)

WARRANT CERTIFICATE

Certificate number: [NUMBER]
Date of issue: [DATE]
Number of Warrants: [NUMBER]
Name of Warrantholder: [NAME]
Address of Warrantholder: [ADDRESS]

THIS IS TO CERTIFY that the Warrantholder named above is the registered holder of the Warrants specified above, which entitles the Warrantholder to subscribe for Warrants Shares, as calculated in accordance with the terms and subject to the conditions set out in the instrument entered into by the Company by way of resolution relating to Warrants to subscribe for Warrant Shares dated [DATE] (the **Instrument**), subject to the Articles.

Terms defined in the Instrument have the same meanings when used in this Certificate.

Name:
Position:
For and on behalf of
NORTHERN LEAF PLC

SCHEDULE 2

FORM OF EXERCISE NOTICE

NOTICE OF EXERCISE

To: The Directors
Northern Leaf Plc
13 Castle Street
St. Helier
JE1 1ES
Jersey

[DATE]

I hereby exercise Subscription Rights in respect of [NUMBER] Warrant [, as evidenced by the enclosed Certificate] and confirm payment in the sum of £[AMOUNT], being the aggregate Subscription Price payable for those Warrant Shares.

In accordance with clause 4 of the Instrument, the exercise referred to above is made conditionally upon the occurrence of the Relevant Event.

I direct the Company to:

1. procure the allotment of the Warrant Shares to [me **OR** [[NAME], being my nominee] in accordance with the terms of the Instrument, to be held subject to the Articles; and
2. enter [my **OR** [NAME OF NOMINEE], being my nominee,] in the register of members of the Company and to issue a share certificate for the relevant number of Warrant Shares in that name.

Terms defined in the Instrument have the same meanings when used in this Notice of Exercise.

Signed by [NAME]

NOTES:

[1] Please complete. If no number is inserted, the Notice of Exercise will be deemed to relate to all the Warrant Shares the subject of the enclosed Certificate or, if no Certificate is enclosed, all Warrant Shares the subject of Warrant registered in your name.

SCHEDULE 3
THE CONDITIONS

1 The Register

- 1.1 The Company shall keep and maintain the Register at the Registered Office and there shall be entered in the Register:
- (a) the name and address of the Warrantholder, supplied in accordance with paragraph 4.3;
 - (b) the number of Warrants held by the Warrantholder;
 - (c) the date the Warrantholder was registered as a Warrantholder, in respect of his Warrants;
 - (d) the date on which the Warrantholder exercises any Subscription Rights;
 - (e) the date at which the Warrantholder ceased to be a Warrantholder; and
 - (f) any serial number given to the Certificate and the date of issue of any Certificate.
- 1.2 The Company shall promptly amend the Register after receiving notice of a change in the Warrantholder's details for service pursuant to paragraph 4.3.
- 1.3 The Warrantholder, or any person authorised by the Warrantholder, shall be at liberty at all reasonable times during office hours to inspect the Register and to take copies of or extracts from it or any part of it.
- 1.4 The Company shall be entitled to treat each person named in the Register as a Warrantholder as the absolute owner of the Warrant and, accordingly, shall not, except as ordered by a court of competent jurisdiction or as required by law, be bound to recognise any equitable or other claim to or interest in the Warrant on the part of any other person, whether or not it shall have express or other notice of such a claim.
- 1.5 The Warrantholder shall be recognised by the Company as entitled to the Warrant free from any equity, set-off or cross-claim against the original or an intermediate holder of such Warrant.

2 Transmission of Warrants

- 2.1 If the Warrantholder dies, the Company may only recognise the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, as having any title to the Warrant.
- 2.2 Any person becoming entitled to the Warrant in consequence of the death or bankruptcy of a Warrantholder or otherwise than by transfer who produces such evidence of entitlement to the Warrant as the Board may require may either choose to become the holder of the Warrant or to have it transferred to another person.

- 2.3 If any person wishes to become the holder the Warrant in accordance with paragraph 2.1, he must notify the Company in writing of that wish.
- 2.4 A person entitled to the Warrant in accordance with paragraph 2.1 is bound by all notices given to the Warrantholder under this Instrument as if it was given to the person from whom the person entitled derived rights in respect of the Warrant before the name of the person entitled, has been entered in the Register.

3 Confidentiality

- 3.1 The Warrantholder shall not at any time disclose to any person the existence of or contents of this Instrument, or any confidential information concerning the business, affairs, customers, clients or suppliers of the Group, except as permitted by paragraph 3.2.
- 3.2 The Warrantholder may disclose information, where such disclosure would otherwise be prohibited under paragraph 3:
- (a) as required by any applicable legal or regulatory requirements;
 - (b) to the extent such information is in the public domain through no fault of, or breach of this Instrument by, the Warrantholder;
 - (c) to its employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the Warrantholder's obligations, or exercising the Warrantholder's rights, under this Instrument, on the same terms as to confidentiality as set out in paragraph 3.
- 3.3 The Warrantholder shall not use any confidential information relating to the Group for any purpose other than to perform its obligations, or to exercise its rights, under this Instrument.

4 Notices

- 4.1 For the purposes of this paragraph 4, but subject to paragraph 4.7, notice includes any other communication.
- 4.2 A notice given to a party under or in connection with this Instrument:
- (a) shall be in writing and in English (or be accompanied by an accurate translation into English);
 - (b) shall be sent, in the case of the Company, to the Registered Office or to a fax number supplied for the purpose and, in the case of the Warrantholder, to the address or email address supplied in accordance with paragraph 4.3, or such other address, email address or person as that person may notify to the Company in accordance with the provisions of this paragraph 4;
 - (c) shall be:

- (i) delivered by hand;
 - (ii) sent by fax;
 - (iii) sent by pre-paid first class post, recorded delivery or special delivery;
 - (iv) sent by airmail or by reputable international overnight courier (if the notice is to be served by post to an address outside the country from which it is sent); or
 - (v) by email; and
- (d) is deemed received as set out in paragraph 4.5.
- 4.3 The Warrantholder shall register with the Company both an address and an email address to which notices can be sent and, if the Warrantholder fails to do so, notice may be given to the Warrantholder by sending the same by any of the methods referred to in paragraph 4.2 to the last known address or email address of the Warrantholder or, if none, by exhibiting the same for three Business Days at the Registered Office.
- 4.4 The Warrantholder may change its details for service of notices by giving notice to the Company. Any change notified under this paragraph 4.3 shall take effect at 9.00 am on the later of:
- (a) the date (if any) specified in the notice as the effective date for the change; or
 - (b) five Business Days after deemed receipt of the notice.
- 4.5 Delivery of a notice is deemed to have taken place (if all other requirements in this paragraph 4 have been satisfied):
- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice is left at the address;
 - (b) if sent by fax, at the time of transmission;
 - (c) if sent by pre-paid first class post, recorded delivery or special delivery to an address in Jersey, at 9.00 am on the second Business Day after posting;
 - (d) if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
 - (e) if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice is left at the address; or
 - (f) if sent by email, at the time of receipt if received during business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt) (**Business Hours**);

and if deemed receipt under the previous sub-paragraphs of this paragraph 4.5 would occur outside Business Hours, at 9.00 am on the day when business next starts in the place of deemed receipt.

For the purposes of this paragraph 4.5, all references to time are to local time in the place of deemed receipt.

4.6 To prove service, it is sufficient to prove that:

- (a) if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address;
- (b) if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
- (c) if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted.

4.7 This paragraph 4 does not apply to the service of any proceedings or other documents in any legal action.

4.8 Any person who, whether by operation of law, transfer or other means whatsoever, becomes entitled to the Warrant, shall be bound by every notice properly given to the person from whom he derives his title to such Warrant.

In witness whereof the parties hereto have executed this Instrument the day and year first above written.

Signed for and on behalf of Northern Leaf Plc

Geoffrey Eyre

Print name

CEO

Title

Signed by the Warrantholder