AKUMA ENGINEERING LTD. CONVERTIBLE NOTE

€100,000 August ___, 2025

For value received, AKUMA ENGINEERING LTD. (hereinafter referred to as the "Borrower" or the "Company"), an Ireland corporation limited by shares, whose address is Work Hub, 77, Camden Street Lower, D02 XE80, Dublin, Ireland and whose principal executive offices are located at 111 New Union St., Coventry, West Midlands, England CV1 2NT, hereby unconditionally promises to pay to the order of _____("Lender" or "Holder"), an individual, whose principal residence is located at _____, the principal sum of ONE HUNDRED THOUSAND EUROS (€100,000), in lawful money of the United States of America, together with accrued and unpaid interest thereon, each due and payable on the dates and in the manner set forth below.

ARTICLE 1: PAYMENT TERMS

The Borrower agrees to pay the Lender sums under this Promissory Note (the "Note") as follows:

1.1 Payment of Principal. The Borrower will pay the Lender €100,000 (one hundred thousand euros) on or before one year from the issuance date of this Note ("Maturity Date"). The Borrower can pre-pay this Note any time after 120 days after the issuance date. The Borrower must pay the principal amount of this Note within 3 business days of the Qualified Financing as described in Article 1, Section 2.1 below, unless the Lender elects to convert the Note into the €4,000,000 Series A Preferred Stock Offering.

1.2 Interest. The Borrower agrees to pay the Lender annual interest on this Note at the rate of 12.0% (twelve percent) simple interest. Interest will be paid monthly in arrears at 1.0% (one percent) per month by the 5th of the following month. If the Borrower defaults on this Note, then interest shall accrue at the annual rate of 15.0% (fifteen percent) on the outstanding principal balance, subject to and as more fully described in Article 4. The amount of interest accruing on this Note, as described in Article 2, is referred to herein as the "Applicable Interest Rate."

1.3 Bonus Interest. The Bonus Interest amount is 12.0% (twelve percent) of the Principal amount of the Note. The Bonus Interest amount is paid in one lump sum to the Lender when the Borrower pays the Principal amount to the Lender within 3 (three) business days after the Qualified Financing (see [1.4] below).

1.4 Payment of Principal and Bonus Interest upon Qualified Financing. The Qualified Financing for the payment of the Principal and Bonus Interest to the Lender is defined in Section 2.1 below. Borrower will pay the Lender the Principal amount of this Note and Bonus Interest upon the occurrence of Qualified Financing. Borrower may elect to convert this Note into the Series A Preferred Stock Offering.

The aggregate principal amount of all the Bridge Loan Convertible Notes shall not exceed €500,000 (five hundred thousand euros) unless the Company increases it to €750,000.

ARTICLE 2: CONVERSION PROVISIONS

2.1 Election for Conversion upon Qualified Financing. This Note shall convert into Series A Preferred Stock upon the occurrence of a Qualified Financing only if the Lender notifies the Borrower in writing to convert instead of being repaid the Principal amount of the Note (see 1.4 above). For purposes hereof:

"Qualified Financing" means the Company's first sale of equity securities following the Issue Date in a single transaction or series of related transactions resulting in aggregate gross proceeds to the Company of at least €1,000,000 (one million euros) for the Company's €4,000,000 Series A Preferred Stock Offering (the "Offering"), excluding the conversion of this Note and other bridge financing instruments.

"Series A Preferred Stock" means the series of preferred stock issued in the Qualified Financing.

2.2 Conversion Price and Discount. Upon conversion in a Qualified Financing, the Principal Amount and Bonus Interest (collectively, the "Conversion Amount") shall convert into Series A Preferred Stock at a price per share equal to eighty percent (80%) of the price per share paid by other investors in the Qualified Financing (representing a twenty percent (20%) discount).

2.3 Valuation Cap. Notwithstanding Section 2.2, if the application of the discount would result in a conversion price that values the Company at more than €15,000,000 on a pre-money basis (the "Valuation Cap"), then the conversion shall occur at the Valuation Cap price. The Noteholder shall receive the benefit of whichever conversion mechanism (discount or valuation cap) results in the greater number of shares.

2.4 Conversion upon Maturity. If no Qualified Financing has occurred by the Maturity Date, this Note shall convert into Common Stock of the Company at a pre-money valuation of €15,000,000, subject to the Noteholder's option to demand repayment instead.

2.5 Conversion upon Change of Control. Upon a Change of Control (as defined below) occurring before conversion, this Note shall convert into the most senior class of equity securities of the Company immediately before such Change of Control, using the valuation established in such transaction, subject to the twenty percent (20%) discount.

"Change of Control" means: (i) a sale of all or substantially all of the Company's assets; (ii) a merger or consolidation in which the Company is not the surviving entity; or (iii) a transaction resulting in a person or group acquiring more than fifty percent (50%) of the voting power of the Company.

ARTICLE 3: WARRANT ISSUANCE

3.1 Warrant Grant. Within twenty (20) business days of receiving the Principal Amount, the Company shall issue to the Lender common stock purchase warrants (the "Warrants") to purchase 10,000 (ten thousand) shares of Common Stock of the Company.

3.2 Warrant Terms. The Warrants shall have the following terms:

- **Exercise Period:** Three (3) years from the Issue Date.
- **Exercise Price:** The price per share that values the Company at €15,000,000 on a pre-money basis.
- **Cashless Exercise:** The Warrants may be exercised on a cashless basis using the "net exercise" method.

ARTICLE 4: INFORMATION AND CONSENT RIGHTS

4.1 Information Rights. For so long as this Note remains outstanding, the Company shall provide the Noteholder with:

- **Quarterly Reports:** Within thirty (30) days after the end of each quarter, unaudited quarterly financial statements and a management report on business operations;
- **Annual Reports:** Within ninety (90) days after the end of each fiscal year, audited annual financial statements;
- **Material Events:** Prompt written notice of any material adverse changes, litigation, or events that could materially affect the Company's business or financial condition.

4.2 Consent Rights. The Company shall obtain the prior written consent of the Noteholder before:

- Making any material changes to the nature of the business;
- Disposing of assets with a value exceeding €250,000 other than in the ordinary course of business;
- Entering into any agreement that would survive a Qualified Financing and materially restrict the Company's operations;
- Making any distributions to shareholders;
- Amending the Company's constitutional documents in a manner that would adversely affect the Noteholder's rights.

ARTICLE 5: REPRESENTATIONS AND WARRANTIES

5.1 Company Representations. The Company represents and warrants that:

- It is duly incorporated and validly existing under Irish law;

- It has full corporate power and authority to execute this Note;
- This Note constitutes a valid and binding obligation enforceable against the Company;
- The execution and performance of this Note will not violate any law or agreement;
- There are no pending or threatened legal proceedings that could materially adversely affect the Company;
- All material information provided to the Noteholder is true and complete.

5.2 Survival. The representations and warranties shall survive the execution of this Note and shall be deemed repeated on each date that interest is paid or any other performance is required hereunder.

ARTICLE 6: PAYMENTS

All payments of principal and interest shall be in lawful money of the United States of America and shall be payable at the address set forth in the opening paragraph of this Note unless another place of payment shall be specified in writing by the Lender. Payment on this Note shall be applied first to accrued interest and thereafter to the outstanding principal balance hereof.

ARTICLE 7: WIRE TRANSFER OF LOAN AMOUNT

The Lender hereby acknowledges that it will wire transfer the loan amount to Akuma Engineering Ltd. The wire instructions are as follows:

Bank Name: Revolut Bank UAB
Bank Address: 2 Dublin Landings, North Dock, D01 V4A3, Dublin 1, Ireland
BIC: REVOIE23
Intermediary BIC: CHASGB2L
Beneficiary: AKUMA ENGINEERING LIMITED
Account # IBAN: IE09REVO99036051196107
Beneficiary address: Work Hub, 77, Camden Street Lower, D02 XE80, Dublin, Ireland

ARTICLE 8: DEFAULT AND ACCELERATION

Events of default include: (a) non-payment after 5 days past Maturity Date; (b) liquidation or dissolution; (c) bankruptcy filing; (d) involuntary petition not dismissed within 60 days; or (e) material breach of warranties not cured within 15 days of notice.

ARTICLE 9: DEFAULT INTEREST

Upon Event of Default, interest shall accrue at twelve percent (12%) per annum on the entire unpaid principal sum.

ARTICLE 10: PREPAYMENT

The principal balance may be prepaid in whole or in part 90 days before the Maturity Date without penalty.

ARTICLE 11: SECURITY & SUBORDINATION

11.1 Unsecured Obligation. This Note is an unsecured obligation of the Company, ranking pari passu with other unsecured indebtedness.

11.2 Subordination. This Note shall be subordinated to senior bank debt and other institutional financing, but shall rank senior to all equity securities in liquidation.

ARTICLE 12: ANTI-DILUTION PROTECTION

12.1 Most Favored Nation. If the Company issues any other convertible securities with more favorable conversion terms, the Noteholder shall automatically receive the benefit of such more favorable terms.

12.2 Anti-Dilution Adjustments. The conversion terms shall be subject to appropriate adjustments for stock splits, stock dividends, recapitalizations, and similar events.

ARTICLE 13: TRANSFER AND ASSIGNMENT

13.1 Transferability. This Note may be transferred by the Noteholder upon written notice to the Company, provided any transfer complies with applicable securities laws.

13.2 Registration. The Company shall maintain a register of all outstanding Notes and record any transfers thereof.

BRIDGE LOAN MARKET STANDARDS

Bridge loans into Series A equity rounds have evolved into a sophisticated financing mechanism with several standard structures and provisions. Here's a breakdown of the most common approaches across these jurisdictions:

Financial Structure

Convertible Notes remain the dominant structure, typically featuring:

- Principal amounts ranging from $500K to $5M
- Interest rates between 6-12% (higher in the current environment)
- 18-24 month maturity periods

- Conversion discounts of 15-25% to the Series A price
- Valuation caps 20-40% below anticipated Series A valuation

SAFE (Simple Agreement for Future Equity) instruments are increasingly popular, especially in the US, offering similar economics without debt characteristics.

Key Provisions

Conversion Mechanics:

- Automatic conversion upon qualified financing (typically $1M+ Series A)
- Optional conversion at maturity or certain triggers
- Most Favored Nation (MFN) clauses protecting against better terms in subsequent bridges

Control and Information Rights:

- Board observer rights for larger investors
- Monthly/quarterly reporting requirements
- Approval rights for material decisions (budgets, additional debt, key hires)
- Pro rata participation rights in the Series A

Protective Provisions:

- Anti-dilution protection (usually weighted average)
- Drag-along and tag-along rights
- Liquidation preferences (typically 1x non-participating)

Jurisdictional Differences

United States:

- SAFE instruments more readily accepted
- Delaware C-Corp structure standard
- More standardized documentation (YC SAFE, NVCA forms)
- 506(b) and 506(c) Reg D exemptions commonly used

United Kingdom:

- Convertible loan notes predominant
- SEIS/EIS tax relief considerations drive structure

- Articles of Association amendments often required
- Companies House filings mandatory

European Union:

- Varies significantly by country
- Germany and Netherlands favor convertible bonds
- France uses BSA-AIR (share warrants) structures
- Cross-border tax implications more complex
- GDPR compliance considerations for data rooms

Market Terms by Stage

Pre-Series A Bridge:

- $250K-$2M typical size
- 12-18 month bridge period
- 20-30% discount to Series A
- Minimal governance rights

Series A Extension Bridge:

- $1M-$10M+ size
- 6-12 month bridge period
- 10-20% discount
- Enhanced information and approval rights

Documentation Standards

Most efficient structures use standardized forms:

- **US:** YC SAFE, Series Seed documents, NVCA forms
- **UK:** BVCA model documents, SeedLegals templates
- **EU:** Local counsel typically required due to regulatory variations

Legal Costs typically range from $15-50K depending on complexity and jurisdiction, with US documentation generally most cost-effective due to standardization.

The trend is toward simpler, founder-friendly structures early in the process, with more sophisticated investor protections as bridge sizes increase and Series A timing becomes more uncertain.