

Articles of Association

Adconion Media Group Limited

Company number 5833659

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and as amended by written resolution dated 31 October 2007

Osborne Clarke

2 Temple Back East
Temple Quay
Bristol
BS1 6EG
Telephone +44 (0) 117 917 3000
Fax +44 (0) 117 917 3005

TJH/0909677/O3301664/TJH

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Contents

1	Definitions	1
2.	Application of Table A	4
3.	Share capital	4
4.	Liquidation preference	4
5.	Class rights	5
6.	Further issues of shares	5
7	Transfer of shares	5
8.	Permitted and mandatory transfers	6
9.	Pre-emption rights	8
10.	Tag along and drag along rights	11
11	Appointment of directors	14
12.	Reserved matters	15
13	Conversion of Privileged Shares	15
14	Meetings of directors	15
15	Directors' conflicts of interest.	16
16	Lien	17
17	Partly paid shares	17
18	Seal	17
19	Indemnity	17
20	Data Protection	17

1 Definitions

1.1 In these Articles the following definitions shall apply:

"Act" means the Companies Act 1985 and every statutory modification or re-enactment of it for the time being in force.

"A Ordinary Shares" means the A Ordinary Shares of £0.10 each in the capital of the Company

"Authorised Share Options" means the options granted or to be granted by the Company representing not more than 686,000 shares in the capital of the Company

"B Ordinary Shares" means the B Ordinary Shares of £0.10 each in the capital of the Company.

"CEO" means, at the date of this Agreement, T Tyler Moebius, and any person subsequently holding the office of CEO of the Company from time to time.

"Connected Persons" means as defined by Section 839, ICTA.

"Controlling Interest" means an interest in shares (as defined in Schedule 13 Part 1 and section 324 of the Act) in a company conferring in the aggregate 50 per cent. or more of the total voting rights conferred by all the issued shares in that company

"Deemed Transfer Notice" means a Transfer Notice deemed to have been served in accordance with these Articles.

"Employee Trust" means a trust to be established by the Board to encourage or facilitate the holding of shares in the Company by bona fide full-time employees of the Company or any other Group Company or by any section of such employees

"Equity Shares" means the A Ordinary Shares, the B Ordinary Shares, the Ordinary Shares and the Preference Shares

"Family Trust" means a trust which only permits the settled property or the income from the settled property to be applied for the benefit of:

- (a) the settlor and/or a Privileged Relation of that settlor, or
- (b) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities),

and under which no power of control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or the settlor or the Privileged Relations of the settlor For purposes of this definition **"settlor"** includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased Member

"Group" means the Company, its subsidiaries, any holding company of the Company and any subsidiary of any such holding company from time to time and **"Group Company"** shall be construed accordingly

"ICTA" means Income and Corporation Taxes Act 1988.

"Independent Expert" means an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales.

"IPO" means the becoming effective of a listing of any share capital of any Group Company on the Official List of London Stock Exchange plc or the granting of permission for any of the share capital of the Group Company to be dealt in on any recognised investment exchange (as defined by section 285 Financial Services and Markets Act 2000) including NASDAQ and NASDAQ Europe.

"Member" means a holder of shares in the Company.

"Ordinary Shares" means the Ordinary Shares of £0.10 each in the capital of the Company.

"Original Subscription Price" means with respect to the A Ordinary Shares, £10.3872 per share, with respect to the B Ordinary Shares £6.6759 per share and with respect to the Preference Shares £21.64 per share.

"Preference Shares" means the non-participating voting preference shares of £0.10 each in the capital of the Company.

"Privileged Ordinary Shares" means the A Ordinary Shares and the B Ordinary Shares

"Privileged Shares" means the Privileged Ordinary Shares and the Preference Shares

"Privileged Relations" means the spouse or widow or widower of a Member and the Member's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the Member's children

"Qualifying IPO" means a fully underwritten IPO with a price per Ordinary Share of £55 or more and where the aggregate value of all of the ordinary shares of the Company in issue immediately following the IPO (excluding the value of any shares issued by the Company in connection with the IPO) exceeds £35 million

For the purposes of this definition "price per Ordinary Share" means the value of each Ordinary Share which is in issue immediately prior to the Qualifying IPO (including, for the avoidance of doubt, any shares arising, directly or indirectly, in consequence of conversion of Privileged Shares in accordance with Article 13) determined by reference to

- (a) the price per share at which shares in the Company are to be offered for sale, placed or otherwise marketed pursuant to the Qualifying IPO; and

- (b) the number of such shares to which a Member who, immediately prior to the Qualifying IPO, held one Ordinary Share (including, for the avoidance of doubt, any shares arising, directly or indirectly, in consequence of conversion of Privileged Shares in accordance with Article 13) would be entitled to in respect of such Ordinary Share.

"Relevant Securities" means all shares, rights to subscribe for shares or to receive them for no consideration and all securities convertible into shares, but excluding any shares which the Company is required to issue by reason of a right specifically attached to shares under these Articles

"Sale" means the sale of more than 50 per cent of the issued Equity Shares to a single purchaser (or to one or more purchasers as part of a single transaction or a series of related transactions)

"Sale Shares" means the shares specified or deemed to be specified for sale in a Transfer Notice or Deemed Transfer Notice

"Seller" means the transferor of shares pursuant to a Transfer Notice or Deemed Transfer Notice

"Senior Managers" means the senior managers of the Group as identified and notified in writing to such individuals by the Board acting in good faith from time to time and **"Senior Manager"** shall be construed accordingly.

"Table A" means Table A in the Companies (Tables A – F) Regulations 1985 as amended by the Companies (Tables A - F) (Amendments) Regulations 1985 and the Companies Act 1985 (Electronic Communications) Order 2000

"Transfer Notice" means a notice given by any Member of the Company where such Member desires or is required by these Articles to transfer any shares.

- 1 2 Whether or not persons are '**acting in concert**' will be determined by the then most recent edition of the Takeover Code issued by the Takeover Panel, but investors will not be considered to be acting in concert merely by reason of cooperating in a syndicate in the ordinary course of their businesses.

2. **Application of Table A**

- 2.1 The regulations contained in or incorporated in Table A shall apply to the Company except save insofar as they are excluded or varied by these Articles or are inconsistent with these Articles and such regulations (except as so excluded varied or inconsistent) and these Articles shall be the regulations of the Company
- 2 2 Regulations 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company

3 **Share capital**

- 3 1 The authorised share capital of the Company at the date of adoption of these Articles is £368,317 30 divided into

246,717 A Ordinary Shares of £0 10 each;

140,000 B Ordinary Shares of £0 10 each,

2,826,456 Ordinary Shares of £0.10 each, and

470,000 Preference Shares of £0 10 each

- 3.2 The Preference Shares shall not be entitled to participate in the profits of the Company, but shall carry the right to receive notice of, and attend and vote at, any general meeting of the Company, and except as set out in these Articles, shall rank *pari passu* in all respects with the Ordinary Shares

4 **Liquidation preference**

- 4 1 On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied in the following order of priority

(a) first, subject to Article 4 1(c), in paying to the holders of the Preference Shares an amount equal to 120 per cent of the Original Subscription Price per Preference Share and if there is a shortfall the proceeds shall be distributed to the holders of the Preference Shares in proportion to the amounts paid or deemed to be paid (including share premium) on such shares held by each of them respectively,

(b) second (or first, as the case may be) in paying to the holders of the Privileged Ordinary Shares their respective Original Subscription Prices per Privileged Ordinary Share and if there is a shortfall the proceeds shall be distributed to the holders of the Privileged Ordinary Shares in proportion to the amounts paid or

deemed to be paid (including share premium) on such shares held by each of them respectively, and

- (c) third (or second, as the case may be) the balance of such assets shall be distributed amongst the holders of the Privileged Ordinary Shares and Ordinary Shares (pari passu as if the same constituted one class of share) in proportion to the numbers of shares held by them respectively, provided that in the event that a majority of the holders of the Preference Shares elect to waive their right to the preferential payment set out in Article 4.1(a) above, following the preferential payment set out in Article 4.1(b) above all holders of Preference Shares shall participate in such distribution with the holders of the Privileged Ordinary Shares and Ordinary Shares (pari passu as if the same constituted one class of share) in proportion to the numbers of shares held by each of them respectively.

- 4 2 Upon a Sale of the Company the Members who sell shares in such Sale will be entitled to share in the proceeds thereof as if the same had been distributed under the provisions of Article 4 1.

5. **Class rights**

Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holders of 75 per cent. of the issued shares of that class entitled at that time to vote at a general meeting of the Company

6 **Further issues of shares**

Unless otherwise directed by special resolution by the Company in general meeting, all Relevant Securities shall first be offered to the Members in proportion as nearly as possible to the numbers of Equity Shares held by them. Any such offer shall be open for acceptance for not less than 21 days from the date of despatch Any Relevant Securities not accepted in that period shall be at the disposal of the directors who may (within the period of three months from the end of that period) allot, grant options over or otherwise dispose of the same to such persons at a price per share and on terms not less favourable than that at which the same were offered to such Members, and otherwise on such terms as they think proper. Section 89 of the Act will not apply to the Company

7 **Transfer of shares**

The directors shall refuse to register any transfer of shares made in contravention of the provisions of these Articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of shares For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles, the directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a

period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question

8 Permitted and mandatory transfers

8 1 *Permitted transfers to members of EuroClick USA LLC*

For so long as EuroClick USA LLC shall be a member of the Company, it may transfer all or any shares held by it to the members of EuroClick USA LLC from time to time pro rata to the number of membership interests then held by such transferee in EuroClick USA LLC.

8 2 *Permitted transfers to relations and family trusts*

Any Member may at any time during his lifetime transfer all or any shares held by him to a Privileged Relation or to trustees to be held upon a Family Trust of which he is the settler

8 3 *Permitted transfers by family trusts*

Where any shares are held by trustees upon a Family Trust such shares may be transferred without restriction as to price or otherwise:

- (a) on any change of trustees, to the new trustees of that Family Trust, or
- (b) at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor

8 4 *Permitted transfers by corporate Members*

- (a) Notwithstanding any other provisions of these Articles, a transfer of any shares in the Company held by any Member which is a company may be made to its holding company or to any subsidiary of that holding company (a "**member of the same group**"), and any such transfer shall be registered by the directors. If any such transferee ceases to be a member of the same group as the original transferor it shall forthwith transfer the relevant shares back to the original transferor, or another member of the same group as the original transferor
- (b) Notwithstanding any other provisions of these Articles, a transfer of any shares in the Company held by any Member which is a company or partnership may be made to the shareholders or partners of such company or partnership, respectively, where such shareholders or partners are natural persons

8 5 *Permitted transfers by Investment Managers and Investment Funds*

Notwithstanding any other provision of these Articles, a transfer of any shares may be made (and any such transfers shall be registered by the directors) between any Member (or a nominee of a Member) who is

- a person whose principal business is to make, manage or advise upon investments (an "**Investment Manager**"); or

- a fund, partnership, company, investment trust, syndicate or other entity whose principal business is to make investments and whose business is managed by an Investment Manager (an "**Investment Fund**"), or
- a nominee of an Investment Manager of an Investment Fund;

and

- (a) where that Member is an Investment Manager or a nominee of an Investment Manager.
 - (i) any participant or partner in or member of any Investment Fund in respect of which the shares to be transferred are held (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course); or
 - (ii) any Investment Fund whose business is managed by the Investment Manager who is or whose nominee is the transferor, or
 - (iii) any other Investment Manager who manages the business of the Investment Fund in respect of which the shares are held,
- (b) where that Member is an Investment Fund or nominee of an Investment Fund
 - (i) any participant or partner in or member of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course), or
 - (ii) any other Investment Fund whose business is managed by the same Investment Manager as manages the Investment Fund which is or whose nominee is the transferor; or
 - (iii) the Investment Manager who manages the business of the Investment Fund which is or whose nominee is the transferor

8 6 *Transfers to and from the Employee Trust*

Any Member (or the legal personal representatives of a deceased Member) may at any time transfer shares to the trustees of the Employee Trust and the trustees of the Employee Trust may transfer any shares

- (a) upon change of trustees, to the new or remaining trustee or trustees for the time being of the Employee Trust, and
- (b) to any bona fide employees of the Company or any other Group Company on their becoming entitled to the same under the terms of the Employee Trust

8.7 ***Mandatory transfer if trust ceases to be a Family Trust***

If and whenever any shares in the Company held by trustees upon a Family Trust cease to be so held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to any Privileged Relation of the settlor) or there cease to be any beneficiaries of the Family Trust other than a charity or charities a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of all shares in the Company by the holders thereof and such shares may not otherwise be transferred

8.8 ***Bankrupt shareholder provisions***

- (a) Regulations 30 and 31 of Table A shall be applied subject to the provisions of Article 8.8(b)
- (b) A person entitled to a share in consequence of the bankruptcy of a member shall be bound at any time, if and when required in writing by the Board so to do, to give a Transfer Notice in respect of such share, and if such person fails to give a Transfer Notice, he shall be deemed to have served the Company with a Transfer Notice in respect of that share. The provisions of Article 9 shall apply to such share and the Transfer Notice (if not actually given) shall be deemed to have been received by the Company on the date on which the Directors required the Transfer Notice to be given

8.9 ***Transfers of Ordinary Shares with the consent of the Board***

Notwithstanding any other provision of these Articles, a transfer or series of transfers of up to 30,556 Ordinary Shares in aggregate approved by the Board prior to 31 December 2007 may be made without restriction and any such transfer shall be registered by the Directors

9 ***Pre-emption rights***

9.1 ***Transfer Notices and Sale Price***

Except where otherwise provided in these Articles, every Member who desires to transfer any interest in shares must serve a Transfer Notice and any Member who is required by these Articles to transfer any interest in shares will be deemed to have served a Deemed Transfer Notice. Transfer Notices and Deemed Transfer Notices shall constitute the Company the Seller's agent for the sale of the Sale Shares in one or more lots at the discretion of the directors at the price agreed by the Seller and the directors (the "**Sale Price**") **provided that** the directors shall be bound to agree a Sale Price equal to the amount (if any) offered in writing to the Seller for the Sale Shares by a bona fide third party purchaser on arms' length terms provided such offer shall be immediately capable of acceptance without condition (save in respect of the Seller's obligations under these Articles). If the Seller and the directors are unable to agree a price within 21 days of the Transfer Notice being given or being deemed to have been given the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion a fair value of the Sale Shares. In arriving at his opinion the Independent Expert will value the Sale Shares as at the date the Transfer Notice is given, or is deemed to have been given, on a going concern basis as between a willing

seller and a willing buyer, ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. The decision of the Independent Expert as to the Sale Price shall be final and binding

9 2 ***Right of Seller to reject partial sales***

A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition (a "**Total Transfer Condition**") that unless all the Sale Shares are sold by the Company pursuant to this Article none shall be sold. Any such provision shall be binding on the Company.

9 3 ***Certification of the Sale Price and right of Seller to cancel***

If the Independent Expert is asked to certify the fair value his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. The Seller shall be entitled by notice in writing given to the Company within seven days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the shares are to be sold pursuant to a Deemed Transfer Notice. The cost of obtaining the certificate shall be paid by the Seller unless the Sale Price determined by the Independent Expert is 10 per cent or more higher than the highest price offered in writing by the directors to the Seller, in which case the Company shall bear the cost of obtaining the certificate provided that the Seller does not cancel the Company's authority to sell the Sale Shares in accordance with this Article 9 3 (and, for the avoidance of doubt, if the Seller so cancels the Company's authority the Seller shall bear such costs).

9 4 ***Pre-emptive offers - general***

Once the Sale Price has been determined then, unless the Seller has given a valid notice of cancellation, the Sale Shares shall be offered for sale in accordance with the following provisions of this Article 9.

9 5 ***Offer to Members***

As soon as the Sale Shares become available they shall forthwith be offered for sale by the Company giving notice in writing to that effect to all holders of Equity Shares (other than the Seller). The notice shall specify

- the number of Sale Shares on offer and the Sale Price,
- whether the Sale Shares are subject to a Total Transfer Condition; and
- the date by which the application to purchase the Sale Shares has to be received by the Company (being a date no less than 14 days and no more than 21 days after the date of the notice)

The notice shall set out the method of allocation of the Sale Shares and shall invite each Member to apply in writing to the Company for as many of the Sale Shares (if any) as that Member would like to purchase

9 6 ***Basis of allocation to Members***

- (a) The Sale Shares shall be allocated by the directors in satisfaction of the applications received in accordance with the procedure set out in this Article
- (b) If the total number of Sale Shares applied for by the Members is equal to or less than the number of Sale Shares available, the Sale Shares shall be allocated in satisfaction of the applications received.
- (c) If the total number of Sale Shares applied for is more than the number of Sale Shares available, the directors shall allocate Sale Shares in satisfaction of each Member's application for Sale Shares in accordance with the following formula set out in paragraph (d) below. This formula shall be applied repeatedly until such time as there are no Sale Shares remaining to be allocated. Each application of the formula is herein referred to as an "**iteration**".
- (d)

$$A = \frac{B}{C} \times D$$

A is the number of Sale Shares to be allocated to the relevant Member in the iteration.

B is the number of Equity Shares held by the Member

C is the number of Equity Shares held by all Members to whom the iteration is being applied

D is the number of Sale Shares or, after the first iteration, the number of Sale Shares remaining unallocated by previous iterations

- (e) If, in any iteration, a Member would be allocated all or more than all of the Sale Shares for which he applied (including allocations from previous iterations) then any excess will not be allocated to that Member. That Member will cease to take part in any further iterations and the excess Sale Shares will be available for allocation in the next iteration

9 7 The Company shall notify the Seller and each Member who applied for Sale Shares of the number of Sale Shares that have been allocated and the persons to whom they have been allocated. The notification shall include the place and time (being not later than 14 days after the date by which applications had to be received) at which the sale of the Sale Shares shall be completed.

9.8 ***Transfer procedure for pre-emptive offers***

If the Company finds a purchaser or purchasers for all or any of the Sale Shares under the terms of this Article the Seller shall be bound, upon receipt of the Sale Price, to transfer the Sale Shares (or such of the same for which the Company shall have found

a purchaser or purchasers) to such persons. If the Seller defaults in transferring Sale Shares the Company shall, if so required by the person or persons willing to purchase such Sale Shares, receive and give a good discharge for the purchase money on behalf of the Seller and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as have been transferred to them

9.9 *Transfers free of pre-emption*

If the Company does not find purchasers for all of the Sale Shares under the terms of this Article 9, the Seller shall at any time within three months after the date of the offer by the Company to its Members be free to sell and transfer such of the Sale Shares as have not been so sold to any person at a price which is no less than the Sale Price. If the Sale Shares were the subject of a Total Transfer Condition such a sale may only be made of all the Sale Shares and not part only

9 10 *Effect of non-compliance*

Any purported transfer of shares otherwise than in accordance with the provisions of these Articles shall be void and have no effect.

10 *Tag along and drag along rights*

10 1 *Tag along in the event of a proposed change of control*

No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered if, as a result of such sale or transfer and registration thereof, a Controlling Interest would be obtained in the Company by any person or group of persons acting in concert unless the proposed transferee or transferees or his or their nominees:

- (a) are acting in good faith and on arms length terms;
- (b) has or have offered to purchase all the Equity Shares, and
- (c) has or have allocated the consideration payable for all the shares it is purchasing and offering to purchase in the same manner as if the consideration was to be distributed to the selling shareholders in accordance with the provisions of Article 4 on the assumption that the holders of the Preference Shares shall not waive their entitlement in accordance with Article 4 1(c) to the liquidation preference set out in Article 4.1(a).

10 2 *Tag along in the event of a material disposal of shares by the CEO or Senior Managers and right of Company to repurchase*

- (a) No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered without the consent in writing of the holders of 75 per cent of the Equity Share capital if, as a result of such sale or transfer (or series of transfers) and registration thereof, the CEO or a Senior Manager (each, a "**Manager**") would have disposed of Equity Shares comprising more than an aggregate of 10 per cent of the Equity Shares held by

him immediately prior to such proposed transfer (or the first of such series of transfers) unless the proposed transferee or transferees or his or their nominees:

- (i) are acting in good faith and on arms length terms;
- (ii) has or have offered to purchase all the Equity Shares, and
- (iii) has or have allocated the maximum amount of consideration payable for all the shares it is purchasing and offering to purchase in the same manner as if such consideration was to be distributed to the selling shareholders in accordance with the provisions of Article 4 on the assumption that the holders of the Preference Shares shall not waive their entitlement in accordance with Article 4 1(c) to the liquidation preference set out in Article 4 1(a)

(b) In the event that a Manager wishes to dispose of

- (i) less than 10 per cent of the Equity Shares then held by him immediately prior to such proposed transfer (or the first of such series of transfers); or
- (ii) a number of Equity Shares equal to or greater than 10 per cent. of the Equity Shares then held by him immediately prior to such proposed transfer (or the first of such series of transfers) having obtained the consent of the holders of more than 75 per cent of the Equity Share capital

(the "**Manager Shares**") in each case in accordance with Article 10 2(a), the Manager shall give written notice of his intention to transfer such shares to the Company, and the price for such Manager Shares (the "**Manager Share Sale Price**") shall be determined in accordance with the provisions of Article 9 1 and the provisions of that Article shall apply *mutatis mutandis* to the determination of the Manager Share Sale Price under this Article 10.2(b).

(c) Following receipt of the notice referred to in Article 10 2(b), the Company shall have the option (but shall not be bound) to purchase, or procure the purchase by a Group Company of, any such Manager Shares at the Manager Share Sale Price. In the event that the Company

- (i) elects to purchase or procure the purchase of part only of the Manager Shares; or
- (ii) has not given the Manager written notice of its intention to purchase or procure the purchase of some or all of the Manager Shares at the Manager Share Sale Price,

in each case within 14 days of receipt of such notice, the Manager shall be deemed to have issued a Transfer Notice in respect of the Manager Shares not agreed to be purchased by the Company (or such other Group Company) and the provisions of clause 9 5 to 9 10 (inclusive) shall apply to such Deemed Transfer Notice and the Manager Shares

- (d) The restrictions set out in this Article 10 2 shall cease to apply immediately prior to, and conditionally upon, a sale or transfer giving rise to a Controlling Interest being obtained in the Company by any person or group of persons acting in concert

10 3 *Drag along*

- (a) If the holders of 75 per cent. of the Equity Share capital in issue for the time being (together, the "**Selling Shareholders**") wish to transfer all their interest in Equity Shares (the "**Sellers' Shares**") to a bona fide arms length purchaser (the "**Third Party Purchaser**") and provided that the Third Party Purchaser has allocated the consideration payable for all the shares it is purchasing and offering to purchase in the same manner as if the consideration was to be distributed to the selling shareholders in accordance with the provisions of Article 4 (on the assumption that the holders of the Preference Shares shall not waive their entitlement in accordance with Article 4 1(c) to the liquidation preference set out in Article 4.1(a)), shall have the option (the "**Drag Along Option**") to require all the other holders of Equity Shares (the "**Called Shareholders**") to sell and transfer all their shares to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the provisions of this Article
- (b) The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "**Drag Along Notice**") at any time before the transfer of the Sellers' Shares to the Third Party Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Equity Shares (the "**Called Shares**") pursuant to this Article, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this Article) and the proposed date of transfer
- (c) Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice
- (d) The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Third Party Purchaser were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of Article 4 (on the assumption that the holders of the Preference Shares shall not waive their entitlement in accordance with Article 4.1(c) to the liquidation preference set out in Article 4.1(a))
- (e) No Drag Along Notice may require a Called Shareholder to agree to any terms save those specifically provided for in this Article

Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless

- (i) all of the Called Shareholders and the Selling Shareholders agree otherwise, or
 - (ii) that date is less than 3 days after the Drag Along Notice where it shall be deferred until the third day after the Drag Along Notice
- (f) The rights of pre-emption set out in these Articles shall not arise on any transfer of shares to a Third Party Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served
- (g) If any holder of Equity Shares does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by them the defaulting holder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be their agent and attorney to execute all necessary transfer(s) on his behalf against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares deliver such transfer(s) to the Third Party Purchaser (or as they may direct) and the directors shall forthwith register the Third Party Purchaser (or as they may direct) as the holder thereof After the Third Party Purchaser (or their nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of shares under this sub-Article that no share certificate has been produced
- (h) Upon any person, following the issue of a Drag Along Notice, becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company ("a **New Member**"), a Drag Along Notice shall be deemed to have been served upon the New Member on the same terms as the previous Drag Along Notice who shall thereupon be bound to sell and transfer all such shares acquired by them to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this Article shall apply *mutatis mutandis* to the New Member save that completion of the sale of such shares shall take place forthwith upon the Drag Along Notice being deemed served on the New Member

11 **Appointment of directors**

The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director In addition, the holders of shares representing more than half of the shares which carry the right to attend and vote at general meetings of the Company may by notice to the Company together appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director

12. **Reserved matters**

12.1 Notwithstanding any other provision of these Articles

- (a) no Sale or IPO shall be effected without the consent of the holders of not less than 75 per cent. of the Equity Shares then in issue; and
- (b) without the consent of the holders of not less than 65 per cent. of the Equity Shares then in issue the Company shall not:
 - (i) make any change to the share capital of the Company, including the grant of options over the authorised but unissued share capital of the Company or introduce any bonus or profit sharing scheme for its employees (other than in respect of any Authorised Share Options),
 - (ii) as part of a single transaction or series of related transactions sell, transfer, licence or otherwise dispose of all or any substantial part of its undertaking or business with a value equal to or more than £15 million; or
 - (iii) as part of a single transaction or series of related transactions purchase, enter into an option to purchase, licence or otherwise acquire all or any substantial part of an undertaking or business or other assets with a value equal to or more than £15 million

13. **Conversion of Privileged Shares**

- 13.1 All of the Privileged Shares shall immediately before a Qualifying IPO convert automatically into Ordinary Shares at the rate of one Ordinary Share for each Privileged Share held.
- 13.2 Forthwith after conversion takes effect the holders of the resulting Ordinary Shares shall send to the Company the certificates in respect of their holding of Privileged Shares and the Company shall issue to such holder a certificate for the Ordinary Shares resulting from the conversion
- 13.3 The Ordinary Shares resulting from the conversion shall rank from the date of conversion pari passu in all respects with the other Ordinary Shares in the capital of the Company
- 13.4 In the event that the Qualifying IPO does not proceed following automatic conversion in accordance with Article 13.1, the Ordinary Shares arising on such conversion shall be reconverted into A Ordinary Shares, B Ordinary Shares or Preference Shares (as the case may be) and the provisions of Articles 13.2 and 13.3 shall apply *mutatis mutandis* on such reconversion

14 **Meetings of directors**

Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either

prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him Meetings of the directors may, be held by conference telephone or similar equipment, so long as all the participants can hear each other Such meetings shall be as effective as if the directors had met in person

15 Directors' conflicts of interest

15.1 Subject to the provisions of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office

- (a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested,
- (b) may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested,
- (c) may (and any firm or company of which he is a partner or Member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested,
- (d) shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit, and
- (e) shall be entitled to vote and be counted in the quorum on any matter referred to in the foregoing paragraphs of this Article

15.2 For the purposes of this Article.

- (a) a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified,
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his, and
- (c) an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise

16 **Lien**

The lien conferred by regulation 8 of Table A shall apply to all shares of the Company whether fully paid or not and to all shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered holder of the shares or one of several joint holders

17 **Partly paid shares**

17.1 The liability of any Member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment "

17.2 If the subscription price of any share (including any premium) is partly paid, the rights to dividend and on a return of capital of any such share shall be abated in the same proportion as the unpaid amount bears to the total subscription price.

18. **Seal**

Regulation 6 of Table A shall be modified so as to remove the reference to the company seal and regulation 101 of Table A shall be modified by the insertion of the words", if the Company has one," after the words "The seal" at the beginning of that regulation.

19 **Indemnity**

19.1 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or secretary shall be indemnified to the fullest extent permitted by law out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation to them. This includes any liability incurred by him

(a) in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part; or

(b) in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company

19.2 The Company may purchase insurance for any director and secretary against liabilities incurred by him, as the board shall decide.

20. **Data Protection**

Each of the shareholders and directors of the Company (from time to time) consent to the processing of their personal data by the Company, its shareholders and directors (each a "**Recipient**") for the purpose of due diligence exercises, compliance with

applicable laws, regulations and procedures and the exchange of information amongst themselves. A Recipient may process such personal data either electronically or manually. The personal data which may be processed for such purposes under this Article shall include any information which may have a bearing on the prudence or commercial merits of investing, or disposing of any shares (or other investment or security) in the Company. Subject to any confidentiality undertakings given to them by a Recipient, each of the Company's shareholders and directors (from time to time) consent to the transfer of such personal data to persons acting on behalf of any Recipient and to the offices of any Recipient both within and outside the European Economic Area for the purposes stated above, where it is necessary or desirable to do so.