

Company number: 6166938

PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION

of

CALON CARDIO-TECHNOLOGY LIMITED

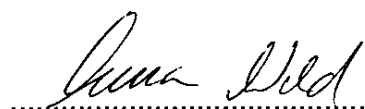
(the "Company")

Passed on: 30 July 2018

The following resolutions have been passed as special resolutions

**SPECIAL RESOLUTIONS**

1. **THAT** the regulations contained in the document attached to these Resolutions be and are hereby approved and adopted as the new articles of association of the Company (the "**Articles of Association**") in substitution for and to the exclusion of the existing articles of association of the Company.
2. **THAT**, subject to the passing of Resolution 1, in substitution for any previous authority (but without prejudice to any allotment already made or offered or agreed to be made pursuant to such authority), the Directors are hereby generally and unconditionally empowered pursuant to Article 9.3 of the Articles of Association to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Article 9.1 of the Articles of Association as if the pre-emption provisions in Article 9.3 to 9.4 of the Articles of Association did not apply to any such allotment, provided that (i) the authority shall expire when the authority conferred by Article 9.1 of the Articles of Association is revoked or expires unless previously renewed, varied or revoked by the Company, but the Company may before the authority expires (or is revoked or varied) make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired or been revoked or varied and this authority shall be limited to the allotment of up to, in aggregate, 1,000,000 A Ordinary Shares, B Preferred Shares, C Ordinary Shares and warrants to subscribe for A Ordinary Shares and / or B Preferred Shares, any such A Ordinary Shares, B Preferred Shares and / or C Ordinary Shares to be allotted at not less than £5.50 per shares and otherwise on such terms as may be approved by the Board (with Investor Director Consent (as such term is defined in the Articles of Association)).



**Director / Company Secretary**



**THE COMPANIES ACTS 1985 AND 1989  
PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**of**

**CALON CARDIO-TECHNOLOGY LIMITED  
(the Company)**

(Adopted by Written Resolution dated 30 July 2018)

**1. INTRODUCTION**

- 1.1 The Regulations contained or incorporated in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by The Companies (Table A to F) Amendment Regulations 1985 (SI 1985/1052), The Companies (Tables A to F) Amendment Regulations 2007 (SI 2007/2541) and The Companies (Tables A to F) Amendment (No. 2) Regulations 2007 (SI 2007/2826) ("**Table A**") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In Regulation 1 of Table A, the words "and in articles of association adopting the same" shall be inserted after the word "Regulations" in the last paragraph of that Regulation and the sentence "Any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force" shall be inserted at the end of that Regulation.
- 1.3 In these Articles:
- (a) article headings are used for convenience only and shall not affect the construction or interpretation of these Articles;
  - (b) words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa; and
  - (c) Regulations 8, 29, 30, 31, 54, 62, 73 to 77 (inclusive), 80, 82, 94 to 98 (inclusive) 115 and 118 of Table A shall not apply to the Company.

**2. DEFINITIONS**

In these Articles the following words and expressions shall have the following meanings:

**AB Conversion Rate** has the meaning set out in **Article 7.1**;

**Act** means the Companies Act 2006 including every statutory modification or re-enactment thereof for the time being in force;

<b>A Ordinary Shares</b>	means the A ordinary shares of £0.01 each in the capital of the Company;
<b>Acting in Concert</b>	has the meaning given to it in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);
<b>Asset Sale</b>	means the disposal by the Company of all or substantially all of its undertaking and assets;
<b>Associate</b>	in relation to any person means: <ul style="list-style-type: none"> <li>(a) any person who is an associate of that person and the question of whether a person is an associate of another is to be determined in accordance with section 435 of the Insolvency Act 1986; or</li> <li>(b) any Member of the same Group;</li> </ul>
<b>Auditors</b>	means the auditors of the Company from time to time;
<b>Available Profits</b>	means profits available for distribution within the meaning of part 23 of the Act;
<b>Bad Leaver</b>	means a person who ceases to be an Employee at any time and who is not a Good Leaver;
<b>Board</b>	means the board of Directors and any committee of the board constituted for the purpose of taking any action or decision contemplated by these Articles;
<b>Bonus Issue or Reorganisation</b>	means any return of capital, bonus issue of shares or other securities of the Company by way of capitalisation of profits or reserves or any consolidation or sub-division or any repurchase or redemption of shares or any variation in the subscription price or conversion rate applicable to any other outstanding shares of the Company in each case other than shares issued as a result of the events set out in <b>Article 9.5</b> ;
<b>B Preferred Ordinary Shares</b>	means the B preferred ordinary shares of £0.01 each in the capital of the Company;
<b>Business Day</b>	means a day on which English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday);
<b>C Conversion Rate</b>	has the meaning set out in <b>Article 7.2</b> ;
<b>C Ordinary Shares</b>	means the C ordinary shares of £0.01 each in the capital of the Company;
<b>Calon Cardio Group</b>	means the Company and its Subsidiary Undertaking(s) (if any) from time to time and “ <b>Calon Cardio Group Company</b> ” shall be construed accordingly;

<b>Civil Partner</b>	means in relation to a Shareholder, a civil partner (as defined in the Civil Partnerships Act 2004) of the Shareholder;
<b>Company</b>	means Calon Cardio Technology Limited;
<b>Controlling Interest</b>	means an interest or interests in shares carrying in aggregate more than 50% of the votes exercisable at a general meetings of the Company;
<b>Conversion Date</b>	has the meaning given in <b>Article 7.5</b> ;
<b>Conversion Rate</b>	The AB Conversion Rate or the C Conversion Rate (as the case may be);
<b>Date of Adoption</b>	means the date on which these Articles were adopted;
<b>Director(s)</b>	means a director or directors of the Company from time to time;
<b>Effective Termination Date</b>	means the date on which the Employee's employment or consultancy terminates;
<b>Employee</b>	means an individual (including the Managers) who is employed by or who provides consultancy services to the Company or any member of the Calon Cardio Group;
<b>Employee Share Scheme</b>	means any scheme to allot or grant options over Shares to employees or directors of or consultants to any member of the Calon Cardio Group adopted from time to time by the Company;
<b>Employee Shares</b>	in relation to an Employee means all Shares held by: <ul style="list-style-type: none"> <li>(a) the Employee in question; and</li> <li>(b) by any Permitted Transferee of that Employee other than those Shares held by those persons that an Investor Majority declares itself satisfied were not acquired directly or indirectly from the Employee or by reason of his/her relationship with the Employee (such approval not to be unreasonably withheld or delayed);</li> </ul>
<b>Exit</b>	means a Share Sale or an Asset Sale;
<b>Expert Valuer</b>	is as determined in accordance with <b>Article 14.2</b> ;
<b>Fair Value</b>	is as determined in accordance with <b>Article 14.3</b> ;
<b>Family Trusts</b>	means as regards any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which

no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than the individual and/or Privileged Relations of that individual; and so that for this purpose a person shall be considered to be beneficially interested in a share if such share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons;

<b>Finance Wales</b>	means Finance Wales Investments (6) Limited a company incorporated in England and Wales (Registered Number 06763979) whose registered office is at Oakleigh House, Park Place, Cardiff CF10 3DQ;
<b>Founders</b>	means Marc Clemant, Kevin Fernquest, Graham Foster and Stephen Westaby;
<b>Founders Director</b>	means any such director of the Company as is nominated from time to time by the Founders under <b>Articles 25.3 and 25.4</b> ;
<b>Good Leaver</b>	means a person who ceases to be an Employee at any time by reason of: <ul style="list-style-type: none"> <li>(a) death;</li> <li>(b) permanent incapacity;</li> <li>(c) the Company (or a member of the Calon Cardio Group) terminating his contract of employment or consultancy, as the case may be, by serving notice (in accordance with the terms of that contract) in circumstances where the Employee is not in breach, nor has been in breach, of his contract;</li> <li>(d) dismissal by the Company (or a member of the Calon Cardio Group) which is determined by an employment tribunal or at a court of competent jurisdiction (from which there is no right to appeal) to be wrongful or constructive;</li> <li>(e) attaining retirement age as set out in his contract of employment; or</li> <li>(f) the Board, with the prior written approval of an Investor Majority, determining that he is a Good Leaver;</li> </ul>
<b>ICTA</b>	means the Income and Corporation Taxes Act 1988;
<b>Investors</b>	means Longbow Clients, Finance Wales and anyone else designated in writing as an Investor by the Investor

	Directors (and the Permitted Transferees of each);
<b>Investor Director Consent</b>	means the prior written consent of a majority in number of the Investor Directors appointed from time to time or if only one Investor Director is appointed, the prior written consent of the Investor Director so appointed and Finance Wales;
<b>Investor Directors</b>	means the Longbow Director, any Nominating Investor Director and any other director designated in writing as an "Investor Director" by the Investor Directors;
<b>Investor Majority</b>	means the holder or holders of 75 per cent or more of the aggregate nominal value of the Shares held by the Investors or their Permitted Transferees;
<b>Investor Majority Consent</b>	means the prior written consent of the Investor Majority;
<b>ITEPA</b>	means Income Tax (Earnings and Pensions) Act 2003;
<b>Listing</b>	means the admission of the equity share capital of the Company, or any part of it or of American Depositary Shares representing equity share capital of the Company to trading on NASDAQ, the Official List of the United Kingdom Listing Authority, AIM, the New York Stock Exchange, The American Stock Exchange or to any other Recognised Investment Exchange or on any recognised securities or investment exchange, market or over the counter market anywhere in the world;
<b>Longbow</b>	Longbow Capital LLP (registered number OC309046);
<b>Longbow Clients</b>	means any shareholders procured by Longbow to subscribe for Shares whether before or after the Date of Adoption;
<b>Longbow Director</b>	means such director of the Company as nominated from time to time by Longbow under <b>Article 25.1</b> ;
<b>Majority Holders</b>	means the person or persons who hold for the time being more than half in nominal value of the issued shares in the Company carrying the right to attend and vote at general meetings;
<b>Manager Shares</b>	in relation to a Manager, means all Shares held as at 10 <sup>th</sup> March 2010 by: <ul style="list-style-type: none"> <li>(a) the relevant Manager; and</li> <li>(b) by any Permitted Transferee of the relevant Manager other than those Shares held by those persons that an Investor Majority declares itself satisfied were not acquired directly or indirectly from the relevant Manager or by reason of his relationship with the relevant Manager (such approval not to be unreasonably withheld or</li> </ul>

delayed).

<b>Managers</b>	means Kevin Fernquest and Graham David Foster;
<b>Member of the same Group</b>	means as regards any company, a company which is from time to time a Parent Undertaking or a Subsidiary Undertaking of that company or a Subsidiary Undertaking of any such Parent Undertaking;
<b>Nasdaq</b>	means the Nasdaq National Stock Market of the Nasdaq Stock Market Inc.;
<b>New Securities</b>	means any shares or other securities of the Company convertible into, or carrying the right to subscribe for those shares, issued by the Company after the Date of Adoption (other than shares or securities issued as a result of the events set out in <b>Article 9.5</b> );
<b>Nominating Investor</b>	an Investor (other than Longbow and Longbow Clients)) having the right to appoint a Nominating Investor Director pursuant to <b>Article 25.2</b> , the identity of which Investor has been previously approved in writing by the Company and an Investor Majority Consent (which approval may only be revoked with the written consent of the relevant Nominating Investor). For the avoidance of doubt, there may be one or more Nominating Investors each having the rights set out in <b>Article 25.2</b> ;
<b>Nominating Investor Director</b>	means such director of the Company as is nominated from time to time by a Nominating Investor under <b>Article 25.2</b> ;
<b>Ordinary Shares</b>	means the ordinary shares of £0.01 each in the capital of the Company;
<b>Original Issue Price</b>	in respect of a Share, the aggregate of the amount paid up (or credited as paid up) in respect of the nominal value of that Share and any share premium;
<b>Permitted Transfer</b>	means a transfer of Shares in accordance with <b>Article 12</b> ;
<b>Permitted Transferee</b>	means a person who receives Shares as a result of a Permitted Transfer;
<b>Priority Rights</b>	means the rights of Shareholders to purchase Shares contained in a Transfer Notice in the priority stipulated in <b>Article 16.3</b> ;
<b>Privileged Relation</b>	in relation to a Shareholder who is an individual member or deceased or former member means a spouse, Civil Partner, child or grandchild (including step or adopted or illegitimate child and their issue);
<b>Proceeds of Sale</b>	means the consideration payable (including any deferred consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale;

<b>Proposed Purchaser</b>	means a proposed purchaser who at the relevant time has made an offer on arm's length terms;
<b>Proposed Seller</b>	means any person proposing to transfer any shares in the capital of the Company;
<b>Recognised Investment Exchange</b>	means all exchanges designated as such in Section 285 of the Financial Services and Markets Act 2000 and AIM;
<b>Sale Shares</b>	has the meaning set out in <b>Article 13.2(a)</b> of these Articles;
<b>Seller</b>	has the meaning set out in <b>Article 13.2</b> of these Articles;
<b>Shareholder</b>	means any holder of any Shares;
<b>Shareholders Agreement</b>	means the agreement on or about the Date of Adoption between (1) the Existing Parties (as defined therein), (2) Longbow Capital LLP, (3) Finance Wales Investments (6) Limited and others and (4) the Company, as amended from time to time;
<b>Shares</b>	means the A Ordinary Shares, the B Preferred Ordinary Shares, the C Ordinary Shares and the Ordinary Shares together with any other issued shares in the capital of the Company from time to time in issue;
<b>Share Sale</b>	means the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where following completion of the sale the shareholders and the proportion of shares held by each of them are the same as the shareholders and their shareholdings in the Company immediately prior to the sale;
<b>Subsidiary, Subsidiary Undertaking and Parent Undertaking</b>	have the meanings set out in the Act;
<b>Transfer Notice</b>	shall have the meaning given in <b>Article 13.2</b> ;
<b>Transfer Price</b>	shall have the meaning given in <b>Article 13.2(c)</b> ; and
<b>Trustees</b>	in relation to a Shareholder means the trustee or the trustees of a Family Trust.

### **3. SHARE CAPITAL**

- 3.1 The share capital of the Company at the Date of Adoption consists of A Ordinary Shares, B Preferred Ordinary Shares, C Ordinary Shares and Ordinary Shares.



3.2 Except as otherwise provided in these Articles, the A Ordinary Shares, the B Preferred Ordinary Shares, the C Ordinary Shares and Ordinary Shares shall rank pari passu in all respects but shall constitute separate classes of shares.

3.3 The liability of the members is limited to the amount, if any, unpaid on the Shares held by them.

#### **4. DIVIDENDS**

The A Ordinary Shares, the B Preferred Ordinary Shares, the C Ordinary Shares and the Ordinary Shares shall rank pari passu in all respects as to income as if all the A Ordinary Shares, the B Preferred Ordinary Shares and C Ordinary Shares had been converted into Ordinary Shares at the then applicable Conversion Rate.

#### **5. LIQUIDATION AND SHARE SALE**

5.1 On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of Shares), the surplus assets of the Company remaining after payment of its liabilities shall be distributed as follows:

- (a) firstly in paying to each holder of the B Preferred Ordinary Shares:
  - (i) all unpaid arrears and accruals of any dividend on the B Preferred Ordinary Shares held by him calculated down to and including the date the return of capital is made (such arrears and accruals being payable irrespective of whether the relevant dividend has become due and payable in accordance with the articles) and;
  - (ii) an amount equal to the Original Issue Price of all the B Preferred Ordinary Shares held by him;
- (b) secondly, amongst the holders of the A Ordinary Shares, B Preferred Ordinary Shares, C Ordinary Shares and the Ordinary Shares pari passu as if the same constituted one class of shares pro rata according to the number of Shares held by each Shareholder and as if all the A Ordinary Shares, B Preferred Ordinary Shares and C Ordinary Shares have been converted into Ordinary Shares at the then applicable Conversion Rate.

5.2 On a distribution of the Proceeds of Sale on a Share Sale, the Proceeds of Sale shall be distributed amongst the holders of the A Ordinary Shares, B Preferred Ordinary Shares, C Ordinary Shares and the Ordinary Shares pari passu as if the same constituted one class of shares and, subject to the proviso below, pro rata according to the number of Shares held by each Shareholder (and for these purpose, each holder of a C Ordinary Share shall be treated as holding three Ordinary Shares for each C Ordinary Share of which he is the registered holder).

#### **6. VOTES IN GENERAL MEETING**

6.1 On a show of hands every Shareholder holding one or more Shares, who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote.

6.2 On a poll every Shareholder holding one or more Ordinary Shares is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote for each Ordinary Share of which he is the holder. On a poll each Shareholder holding one or more A Ordinary Shares, B Preferred Ordinary Share or

C Ordinary Shares present in person or by proxy or, being a corporation by a representative, is entitled to exercise the number of votes which he would have been entitled to exercise if all the A Ordinary Shares , B Preferred Ordinary Shares and C Ordinary Shares held by him had been converted into Ordinary Shares immediately before the holding of the general meeting at the then applicable Conversion Rate.

**7. CONVERSION OF A ORDINARY SHARES, B PREFERRED ORDINARY SHARES AND C ORDINARY SHARES**

7.1 The fully paid A Ordinary Shares and B Preferred Ordinary Shares are convertible into fully paid Ordinary Shares at the rate of one Ordinary Share for every one A Ordinary Share or B Preferred Ordinary Share (as the case may be), as adjusted from time to time as set out in the following provision of this **Article 7** (the “**AB Conversion Rate**”).

7.2 The fully paid C Ordinary Shares are convertible into fully paid Ordinary Shares at the rate of three Ordinary Shares for every one C Ordinary Share (as the case may be), as adjusted from time to time as set out in the following provision of this **Article 7** (the “**C Conversion Rate**”).

7.3 Holders of A Ordinary Shares, B Preferred Ordinary Shares and C Ordinary Shares shall not be entitled to receive any fractions of an Ordinary Share. Any fractional entitlements arising on conversion of A Ordinary Shares, B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) shall be rounded down to the nearest whole number of Ordinary Shares.

7.4 All of the A Ordinary Shares, B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) shall convert, as follows, into fully paid Ordinary Shares at the applicable Conversion Rate at the election of, or with the consent of, the holders of more than 90 per cent of the total nominal value of the A Ordinary Shares, the B Preferred Ordinary Shares or C Ordinary Shares (as the case may be).

7.5 The right to convert shall be exercisable by the relevant holders of A Ordinary Shares, B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) completing a written notice to the Company requiring such conversion (a “**Conversion Notice**”) and delivering it to the Company together with the certificates for the A Ordinary Shares, B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) the subject of the Conversion Notice.

7.6 On a Listing, the Company will convert each A Ordinary Share , B Preferred Ordinary Share and C Ordinary Share into Ordinary Shares at the AB Conversion Rate and the C Conversion Rate (as the case may be)

7.7 The “**Conversion Date**” for the conversion shall be:

- (a) the first Business Day following 7 days after the date on which the Conversion Notice is received by the Company; or
- (b) in the case of Conversion on a Listing pursuant to **Article 7.6**, the date of Listing.

Conversion of the A Ordinary Shares , B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) to be converted on a Conversion Date may be effected in any manner the Board may decide and the law may allow.

7.8 On the Conversion Date, the Company shall forward to each holder of the A Ordinary Shares , B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) which

have been converted (at his own risk and free of any charge) a definitive certificate for the appropriate number of fully paid Ordinary Shares.

7.9 On the Conversion Date (or as soon afterwards as it is possible to calculate the amount payable), the Company will, if it has sufficient Available Profits, pay to holders of the A Ordinary Shares , B Preferred Ordinary Shares or C Ordinary Shares (as the case may be)) falling to be converted a dividend equal to all arrears of declared by unpaid dividends in relation to these A Ordinary Shares , B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) (as the case may be) to be calculated on a daily basis down to and including the day immediately preceding the Conversion Date. If the Company has insufficient Available Profits to pay all such arrears of declared but unpaid dividends in full then it will pay the same to the extent that it is lawfully able to do so and any arrears of declared but unpaid dividends that remain outstanding shall continue to be a debt due from and immediately payable by the Company.

7.10 The Ordinary Shares to which a holder is entitled upon conversion shall for all purposes:

- (a) be credited as fully paid;
- (b) rank equally in all respects and form one class with the Ordinary Shares then in issue; and
- (c) entitle the holder to receive dividends and other distributions declared, made or paid Ordinary Shares on or after the Conversion Date.

7.11 If while any A Ordinary Shares , B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) remain capable of being converted into Ordinary Shares the Company shall make:

- (a) an issue of Shares by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) to the holders of Ordinary Shares; or
- (b) a sub-division or consolidation of Ordinary Shares; or
- (c) a distribution in specie; or
- (d) a repayment, return or distribution of capital (including a distribution of capital profits (whether realised or not) or capital reserves); or
- (e) if any event similar to those described in **Article 7.9 (a) to (d)** above shall occur,

the Conversion Rate shall be adjusted in such manner as the Auditors shall certify. In the event that a holder of A Ordinary Shares, a holder of B Preferred Ordinary Shares or a holder of C Ordinary Shares or the Company is not satisfied with any certificate of the Auditors issued pursuant to this **Article 7.9** for any reason in any circumstance in which such certificate is issued and so notifies the Company and the Auditors in writing within 14 days of receiving such certificate or learning of its contents (if a copy of such certificate is not sent to him), the matter shall be submitted as soon as practicable to an independent firm of chartered accountants as agreed between the relevant holder or holders of A Ordinary Shares , B Preferred Ordinary Shares or C Ordinary Shares (as the case may be) (as appropriate) and the Board or in default of Chartered Accountants in England and Wales, such firm of chartered accountants to be deemed to be an expert and whose decision as to the matter shall be final and binding on all persons save for manifest error.

The fees and expenses of the independent firm of chartered accountants shall be borne by such person or persons as reasonably determined by such firm.

## **8. VARIATION OF RIGHTS**

8.1 Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding-up) with the consent in writing of the holders of more than 75 per cent. in nominal value of the issued shares of that class.

8.2 The creation of a new class of shares which has preferential rights to one or more existing classes of shares shall not constitute a variation of the rights of those existing classes of shares.

## **9. ALLOTMENT OF NEW SHARES OR OTHER SECURITIES: PRE-EMPTION**

9.1 Subject to the remaining provisions of this **Article 9**, the Directors are generally and unconditionally authorised for the purpose of section 551 of the Act to exercise any power of the Company to:

- (a) offer, allot or grant rights to subscribe for, or
- (b) convert securities into, or
- (c) otherwise deal in, or dispose of,

any Shares or any other relevant securities in the Company to any persons, at any times and subject to any terms and conditions as the Directors think proper, provided that:

- (i) this authority shall be limited to a maximum nominal amount of £10,000;
- (ii) this authority shall only apply insofar as the Company in general meeting has not waived or revoked it; and
- (iii) this authority may only be exercised for a period of five years commencing upon the Date of Adoption, save that the Directors may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority (and the Directors may allot relevant securities in pursuance of an offer or agreement as if such authority had not expired).

9.2 In accordance with section 567 of the Act, sections 561 and 562 of the Act do not apply to an allotment of equity securities made by the Company.

9.3 Unless otherwise agreed by special resolution or by written resolution passed in accordance with Part 13 of the Act or regulation 53 of Table A, if the Company proposes to allot any New Securities those New Securities shall not be allotted to any person unless the Company has in the first instance offered them to all holders of Shares on the same terms and at the same price as those New Securities are being offered to other persons on a pari passu and pro rata basis to the number of Shares held by those holders (as nearly as may be without involving fractions). The offer:

- (a) shall be in writing, give details of the number and subscription price of the New Securities; and

- (b) may stipulate that any Shareholder who wishes to subscribe for a number of New Securities in excess of the proportion to which each is entitled shall in their acceptance state the number of excess New Securities (“**Excess Securities**”) for which they wish to subscribe.

9.4 Any New Securities not accepted by Shareholders pursuant to the offer made to them in accordance with **Article 9.3** shall be used for satisfying any requests for Excess Securities made pursuant to **Article 9.3** and in the event that there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants on a pro rata basis to the number of Shares held by the applicants immediately prior to the offer made to Shareholders in accordance with **Article 9.3** (as nearly as may be without involving fractions or increasing the number allotted to any Shareholder beyond that applied for by him) and after that allotment, any Excess Securities remaining shall be offered, subject to **Article 9.5**, to any other person as the Directors may determine at the same price and on the same terms as the offer to the Shareholders.

9.5 The provisions of **Articles 9.3** and **9.4** shall not apply to:

- (a) options to subscribe for Shares under an Employee Share Scheme;
- (b) New Securities issued or granted in order for the Company to comply with its obligations under these Articles including but limited to any Ordinary Shares issued upon conversion of any A Ordinary Shares, B Preferred Ordinary Shares or C Ordinary Shares;
- (c) New Securities which the Investor Majority have agreed in writing should be issued without complying with the procedure set out in this **Article 9**; and
- (d) New Securities issued as a result of a bonus issue of shares which has been approved in writing by an Investor Majority.

9.6 No Shares shall be allotted to any Employee, Director, prospective employee or director unless such person has entered into a joint section 431 ITEPA election with the Company.

## **10. LIEN**

The Company shall have a first and paramount lien on every Share not fully paid for all and any indebtedness of any holder of it to the Company (whether a sole holder or one of two or more joint holders), whether or not that indebtedness or liability is in respect of the Shares concerned and whether or not it is presently payable.

## **11. TRANSFERS OF SHARES – GENERAL**

11.1 In **Articles 11** to **19** inclusive, reference to the transfer of a Share includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.

11.2 No Share may be transferred unless the transfer is made in accordance with these Articles.

11.3 If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles he will be deemed immediately to have served a Transfer Notice in respect of all Shares held by him.

11.4 Any transfer of a Share by way of sale which is required to be made under **Articles 13 to 19** (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee.

11.5 In addition to the provisions of Regulation 24 of Table A, the Directors may refuse to register a transfer if:

- (a) it is a transfer of a share to a bankrupt, a minor or a person of unsound mind; or
- (b) the transfer is to an Employee, Director or prospective employee or director and such person has not entered in a joint section 431 ITEPA election with the Company,

and Regulation 24 of Table A shall be modified accordingly.

11.6 The Directors may, as a condition to the registration of any transfer of shares in the Company (whether pursuant to a Permitted Transfer or otherwise), require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement or similar document in force between some or all of the shareholders and the Company in any form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) and if any condition is imposed in accordance with this **Article 11.6** the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

11.7 In any case where the Board may require a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of 10 Business Days of demand being made, a Transfer Notice shall be deemed to have been given at the expiration of that period. If a Transfer Notice is required to be given or is deemed to have been given under these Articles, the Transfer Notice will be treated as having specified that:

- (a) the Transfer Price for the Sale Shares will be as agreed between the Board (any director with whom the Seller is connected (within the meaning of section 5 252 to 257 (inclusive) of the Act) not voting) and the Seller, or, failing agreement within five Business Days after the date on which the Board becomes aware that a Transfer Notice has been deemed to have been given, will be the Fair Value of the Sale Shares;
- (b) it does not include a Minimum Transfer Condition (as defined in **Article 13.2(d)**); and
- (c) the Seller wishes to transfer all of the Shares held by it.

## **12. PERMITTED TRANSFERS**

12.1 Notwithstanding **Article 13**, a Shareholder may transfer all or any Shares in accordance with this **Article 12**, provided that no such transfer shall be made (i) unless written notice thereof has been given to the Company in advance; or (ii) where in relation to the proposed transferee any Event of Default has occurred and is continuing.

12.2 Any Shareholder who is an individual may transfer any Share to the trustees of that Shareholder's Family Trust or to some other Privileged Relation of that Shareholder.

- 12.3 Where any Share is held by trustees of a Family Trust, it may on any change of trustees be transferred to the new trustees of such Family Trust.
- 12.4 The trustees of a Family Trust may transfer any Share held by them in that capacity to a person who has an immediate beneficial interest under the Family Trust or to a Privileged Relation of such beneficiary.
- 12.5 The legal personal representative of any Shareholder may transfer any Shares to the trustees of that deceased Shareholder's Family Trust or to some other Privileged Relation of that deceased Shareholder.
- 12.6 Any Shareholder which is an undertaking (as defined in section 1161 of the Act) may transfer any Share to a Member of the same Group.
- 12.7 Any Share may be transferred without restriction by a Shareholder to a person to hold such Share as its nominee but any transfer by such nominee shall be subject to the same restrictions as if such transfer were a transfer by the relevant Shareholder.
- 12.8 Any Share may be transferred without restriction by a nominee or trustee to the beneficial owner of such Share or to another nominee or trustee of the same beneficial owner.
- 12.9 Any Share may be transferred by any Shareholder which is a fund, partnership, company, syndicate or other entity whose principal business is to make investments (an "**Investment Fund**") and whose business is managed by a person whose principal business is to make, manage or advise upon investments:
- (a) to any trustee, nominee or custodian of that Investment Fund and vice versa;
  - (b) to an investor in that Investment Fund;
  - (c) to any unit-holder, shareholder, partner or participant in or manager or adviser (or an employee of such manager or adviser) of that Investment Fund or a co-investment plan which invests alongside such Investment Fund, provided that, except upon a distribution of assets in specie by such Investment Fund upon a re-organisation or otherwise, such transfer may only be effected to any competitor of the Company with the prior approval of the directors; or
  - (d) to another Investment Fund or its trustee, nominee or custodian, managed or advised by the same manager or adviser as the Investment Fund or to any co-investment plan which invests alongside such Investment Fund.
- 12.10 If a Shareholder holding any Share transferred to it under **Articles 12.2 to 12.9** ceases to be a Permitted Transferee of the original Shareholder who held such Share and does not, prior to so ceasing, transfer such Share to the original Shareholder or to another Permitted Transferee of the original Shareholder, such Shareholder shall without delay notify the Company that such event has occurred and shall be deemed to have served a Transfer Notice on the Company in respect of such Share.
- 12.11 If a Transfer Notice is deemed to have been served on the Company under **Article 12.10**, the Company shall as soon as is reasonably practicable, (and in any event within 20 Business Days) after receiving notice that such Transfer Notice is deemed to have been served, draft and serve a copy of such Transfer Notice in accordance with **Article 13**, and the provisions of **Article 13** shall apply in respect of the Shares which are the subject of such Transfer Notice save that the Transfer Price for such Shares shall be the Fair Value of such Shares. For the avoidance of doubt, any Transfer Notice issued pursuant to **Articles 12.10** shall not contain a Minimum Transfer Condition.

### 13. TRANSFERS OF SHARES SUBJECT TO PRE-EMPTION RIGHTS

13.1 Save where the provisions of **Articles 12, 17, 18.5 and 19** apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights contained in this **Article 13**.

13.2 A Shareholder who wishes to transfer Shares (a “**Seller**”) shall, except as otherwise provided in these Articles, before transferring or agreeing to transfer any Shares give notice in writing (a “**Transfer Notice**”) to the Company specifying:

- (a) the number of Shares which he wishes to transfer (the “**Sale Shares**”);
- (b) if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee;
- (c) the price (in cash) at which he wishes to transfer the Sale Shares (which will be deemed to be Fair Value of the Sale Shares if no cash price is agreed between the Seller and the Board (including the Investor Directors) (the “**Transfer Price**”); and
- (d) whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold to Shareholders ( a “**Minimum Transfer Condition**”).

13.3 Except with the written consent of an Investor Majority, no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn.

13.4 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

13.5 As soon as practicable following the later of:

- (a) receipt of a Transfer Notice; and
- (b) in the case where the Transfer Price has not been specified or the Transfer Notice is deemed to have been served, the determination of the Transfer Price under **Article 14**,

the Board shall offer the Sale Shares for sale to the Shareholders in the manner set out in **Articles 13.6 and to 13.7**. Each offer must be in writing and give details of the number and Transfer Price of the Sale Shares offered.

13.6 Transfers: First Offer

- (a) The Board shall offer the Sale Shares pursuant to the Priority Rights to all Shareholders other than the Seller (the “**Continuing Shareholders**”) inviting them to apply in writing within the period from the date of the offer to the date 15 Business Days after the offer (inclusive) (the “**First Offer Period**”) for the maximum number of Sale Shares they wish to buy.
- (b) If the Sale Shares are subject to a Minimum Transfer Condition then any allocation made under **Articles 13.6 and 13.7** will be conditional on the fulfilment of the Minimum Transfer Condition.
- (c) If, at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder in the proportion (fractional entitlements being rounded to the nearest whole number) which his existing holding of Shares bears to the total number of Shares held by those Continuing



Shareholders who have applied for Sale Shares but no allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.

- (d) If not all Sale Shares are allocated in accordance with **Article (c)** but there are applications for Sale Shares that have not been satisfied those Sale Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in **Article (c)**.
- (e) If, at the end of the First Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares, the Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications and the balance (the “**Initial Surplus Shares**”) will be dealt with in accordance with **Article 13.7**.

#### 13.7 Transfers: Second Offer

- (a) At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares to all the Continuing Shareholders inviting them to apply in writing within the period from the date of the offer to the date 15 Business Days after the date of the offer (inclusive) (the “**Second Offer Period**”) for the maximum number of the Initial Surplus Shares they wish to buy.
- (b) If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the Board shall allocate the remaining Initial Surplus Shares to each Continuing Shareholder in the proportion (fractional entitlements being rounded to the nearest whole number) which his existing holding of Shares bears to the total number of Shares (including Sale Shares) held by those Continuing Shareholders who have applied during the Second Offer Period for Initial Surplus Shares but no allocation shall be made to a Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy.
- (c) If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications and the balance (the “**Second Surplus Shares**”) will be offered to any other person in accordance with **Article 13.8(e)**.

#### 13.8 Completion of transfer of Sale Shares

- (a) If the Transfer Notice includes a Minimum Transfer Condition and the total number of Shares applied for is less than the number of Sale Shares required to satisfy the Minimum Transfer Condition the Board shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under **Articles 13.6 and 13.7** stating the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.
- (b) If:
  - (i) the Transfer Notice does not include a Minimum Transfer Condition; and
  - (ii) allocations have been made in respect of all the Sale Shares,

the Board shall, when no further offers are required to be made under **Articles 13.6 and 13.7**, give written notice of allocation (an "**Allocation Notice**") to the Seller and each Shareholder to whom Sale Shares have been allocated (an "**Applicant**") specifying the number of Sale Shares allocated to each Applicant and the place and time (being not less than 10 Business Days nor more than 20 Business Days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares.

- (c) Upon service of an Allocation Notice, the Seller must, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it.
- (d) If the Seller fails to comply with the provisions of **Article (c)**:
  - (i) the Chairman of the company or, failing him, one of the directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller:
    - (1) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
    - (2) receive the Transfer Price and give a good discharge for it; and
    - (3) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and
  - (ii) the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered to the Company his certificate or certificates for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate).
- (e) If an Allocation Notice does not relate to all the Sale Shares then, subject to **Article (f)**, the Seller may, within eight weeks after service of the Allocation Notice, transfer the Second Surplus Shares to any person at a price at least equal to the Transfer Price provided that the sale of the Second Surplus Shares shall continue to be subject to any Minimum Transfer Conditions.
- (f) The right of the Seller to transfer Shares under **Article (e)** does not apply if the Board is of the opinion on reasonable grounds that:
  - (i) the transferee is a person (or a nominee for a person) who the Investor Directors determine in their absolute discretion is a competitor with (or an Associate of a competitor with) the business of the Company or with a Subsidiary Undertaking of the Company;
  - (ii) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
  - (iii) the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.

## **14. VALUATION OF SHARES**

- 14.1 If a Transfer Notice does not specify a Transfer Price or if a Transfer Notice is deemed to have been served then, upon service of the Transfer Notice or, in the case of the deemed service of a Transfer Notice, on the date on which the Board first has actual knowledge of the facts giving rise to such deemed service, the Board shall appoint expert valuers in accordance with **Article 14.2** (the “**Expert Valuers**”) to certify the Fair Value of the Sale Shares.
- 14.2 The Expert Valuers will be either:
- (a) the Auditors; or
  - (b) an independent firm of Chartered Accountants to be agreed between the Board and the Seller or failing agreement not later than the date 10 Business Days after the date of service of the Transfer Notice to be appointed by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party.
- 14.3 The “Fair Value” of the Sale Shares shall be the fair value of the Sale Shares as determined by the Expert Valuer on the following assumptions and bases:
- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer;
  - (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - (c) that the Sale Shares are capable of being transferred without restriction;
  - (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
  - (e) reflecting any other factors which the Expert Valuers reasonably believe should be taken into account.
- 14.4 If any difficulty arises in applying any of these assumptions or bases then the Expert Valuers shall resolve that difficulty in whatever manner they shall in their absolute discretion think fit.
- 14.5 The Expert Valuers shall be requested to determine the Fair Value within 20 Business Days of their appointment and to notify the Board of their determination.
- 14.6 The Expert Valuers shall act as experts and not as arbitrators and their determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 14.7 The Board will give the Expert Valuers access to all accounting records or other relevant documents of the Company subject to the Expert Valuers agreeing such confidentiality provisions as the Board may reasonably impose.
- 14.8 The Expert Valuers shall deliver their certificate to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. Unless the shares are to be sold under a Transfer Notice which is deemed to have been served, the Seller may by notice in writing to the Company within 5 Business Days of the service on him of the copy certificate cancel the Company's authority to sell the Sale Shares.

- 14.9 The cost of obtaining the certificate shall be paid by the Company unless:
- (a) the Seller cancels the Company's authority to sell; or
  - (b) the sale is pursuant to a Transfer Notice which is deemed to have been served, and the Sale Price certified by the Expert Valuers is less than the price (if any) offered by the directors to the Seller for the Sale Share before the Expert Valuer was instructed,

in which case the Seller shall bear the cost.

## **15. COMPULSORY TRANSFERS – GENERAL**

- 15.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of that Share at a time determined by the Directors.
- 15.2 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of his death the Directors may require the legal personal representatives of that deceased Shareholder either:
- (a) to effect a Permitted Transfer of such Shares (including for this purpose an election to be registered in respect of the Permitted Transfer); or
  - (b) to show to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder.

If either requirement in this **Article 15.2** shall not be fulfilled to the satisfaction of the Directors a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that, the Directors may otherwise determine.

- 15.3 If a Shareholder which is a company or a Permitted Transferee of that Shareholder, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets, the relevant Shareholder or Permitted Transferee shall be deemed to have given a Transfer Notice in respect of all the shares held by the relevant Shareholder and/or such Permitted Transferee save to the extent that, and at a time, the Directors may determine.

## **16. COMPULSORY TRANSFER – EMPLOYEES AND MANAGERS**

- 16.1 Save where the provisions of **Article 16.6** apply, if any Employee ceases for any reason to be an Employee the relevant Employee and his Permitted Transferees shall, unless directed otherwise by the Board (with the prior written approval of an Investor Majority) within 10 Business Days of the Effective Termination Date, be deemed to have given a Transfer Notice in respect of all the Employee Shares on the Effective Termination Date. In such circumstances the Transfer Price shall be as follows:
- (a) where the relevant Employee ceases to be an Employee by reason of being a Bad Leaver, the lower of Fair Value and the Original Issue Price of the Employee Shares; and
  - (b) where the relevant Employee ceases to be an Employee by reason of being a Good Leaver, the Fair Value.
- 16.2 This **Article 16.2** shall apply to any Shares held by the Managers at the Date of Adoption. If a Manager:

- (a) has been dismissed by the Company for gross misconduct; or
- (b) has been in material breach any of the undertakings he has given to the Company in clauses 15 or 24 of the Shareholders Agreement and (i) the material breach is not capable of remedy (as determined by the Board, acting reasonably) or (ii) the breach is capable of remedy, but the Manager does not remedy the material breach within 14 days of being called upon by the Company to do so,

the relevant Manager and his Permitted Transferee shall, unless directed otherwise by the Board (with the prior written approval of an Investor Director Consent), within 10 Business Days of:

- (i) his resignation; or
- (ii) in the case of a gross misconduct or material breach the earlier of (x) agreement to that effect with the Company and (y) the judicial determination by a court of competent jurisdiction that the Manager is guilty of gross misconduct or material breach of one or more of the undertakings he has given to the Company in clauses 15 or 24 of the Shareholders Agreement,

be deemed to have given a Transfer Notice in respect of all the Manager Shares of which he or his Permitted Transferee is the registered owner. In these circumstances the Transfer Price shall be the lower of Fair Value of the Manager Shares and Original Issue Price of each Manager Share.

16.3 For the purposes of this Article, the Priority Rights shall be such that the Employee Shares or Manager Shares, as the case may be, are offered in the following order of priority:

- (a) to a person or persons nominated by the Board to take the departing Employee's or Manager's place conditionally upon them commencing employment or consultancy with the Company; and/or
- (b) to any of the existing Employees (other than the departing Employee or Manager, as the case may be); and/or
- (c) to other participants or potential participants in, or trustees of an Employee Share Scheme (other than the departing Employee or Manager, as the case may be); and/or
- (d) to any other person or persons approved by the Board (other than the departing Employee or Manager, as the case may be) (including, without limitation, the Investors); and/or
- (e) to the Company (subject always to the provisions of the Act).

16.4 All voting rights attached to Employee Shares held by an Employee (the "**Restricted Member**"), if any, shall at the time he ceases to be an Employee be suspended unless the Board and the Investor Majority notify him otherwise.

16.5 Any Employee Shares whose voting rights are suspended pursuant to **Article 16.4** ("**Restricted Shares**") shall confer on the holders of Restricted Shares the right to receive a notice of and attend all general meetings of the Company but shall have no right to vote either in person or by proxy. Voting rights suspended pursuant to **Article 16.4** shall be automatically restored immediately prior to a Listing. If a Restricted Member transfers any Restricted Shares in the Company in accordance with these Articles all voting rights

attached to the Restricted Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of shareholders) automatically be restored.

- 16.6 **Article 16.1** shall not apply to any Shares held by the Managers, James Vincent Andrew Abbey or their Permitted Transferees on 10<sup>th</sup> March 2010 but **Article 16.1** shall apply to any Shares acquired by the Managers or James Vincent Andrew Abbey after that date.

**17. MANDATORY OFFER ON A CHANGE OF CONTROL**

- 17.1 Except in the case of Permitted Transfers and transfers pursuant to **Articles 15 and 16**, the provisions of **Article 17.2** will apply, in precedence to the pre-emption procedure in **Article 13** if one or more Proposed Sellers propose to transfer in one or a series of related transactions any Shares (the “**Proposed Transfer**”) which would, if put into effect, result in any Proposed Purchaser (and Associates of his or persons Acting in Concert with him) acquiring a Controlling Interest in the Company.

- 17.2 A Proposed Seller must, before making a Proposed Transfer procure the making by the Proposed Purchaser of an offer (the “**Offer**”) to the other Shareholders to acquire all of the Company's Shares for a consideration per share the value of which is at least equal to the Specified Price (as defined in **Article 17.7**).

- 17.3 For the avoidance of doubt, the provisions of this **Article 17** shall apply:

- (a) if the Proposed Purchaser is offering consideration other than in cash; and
- (b) if different prices are offered for different classes of Shares.

- 17.4 The Offer must be given by written notice (a “**Proposed Sale Notice**”) at least 10 Business Days (the “**Offer Period**”) prior to the proposed sale date (“**Proposed Sale Date**”). The Proposed Sale Notice must set out, to the extent not described in any accompanying documents, the identity of the Proposed Purchaser, the purchase price and other terms and conditions of payment, the Proposed Sale Date and the number of Shares proposed to be purchased by the Proposed Purchaser (the “**Proposed Sale Shares**”).

- 17.5 If any other holder of Shares is not given the rights accorded him by this Article, the Proposed Sellers will not be entitled to complete their sale and the Company will not register any transfer intended to carry that sale into effect.

- 17.6 If the Offer is accepted by any Shareholder (an “**Accepting Shareholder**”) within the Offer Period, the completion of the Proposed Transfer will be conditional upon the completion of the purchase of all the Shares held by Accepting Shareholders.

- 17.7 For the purpose of this Article:

- (a) the expression “**transfer**” and “**purchaser**” shall include the renunciation of a renounceable letter of allotment and the renounee under any such letter of allotment respectively;
- (b) the expression “**Specified Price**” shall mean in respect of each Share a sum in cash equal to the highest price per Share offered or paid by the Proposed Purchaser (which in the event that the Proposed Purchaser has not offered cash, shall be the cash equivalent of such sum):
  - (i) in the Proposed Transfer; or

- (ii) in any related or previous transaction by the Proposed Purchaser or any person Acting in Concert with the Proposed Purchaser in the 12 months preceding the date of the Proposed Transfer,

plus an amount equal to the Relevant Percentage of any other consideration (in cash or otherwise) paid or payable by the Proposed Purchaser or any other person Acting in Concert with the Proposed Purchaser, which having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Shares;

- (c)  $\text{Relevant Percentage} = A/B \times 100$

where:

A = number of Shares being sold by the Proposed Seller; and

B = number of Shares held by the Proposed Seller immediately before the Proposed Transfer.

- 17.8 If any person, following the issue of a Proposed Sale Notice, becomes a Shareholder of the Company pursuant to the exercise of a pre-existing warrant or option to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company prior to the Proposed Sale Date (a “**New Shareholder**”), a Proposed Sale Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Proposed Sale Notice and the New Shareholder shall then have the right to accept such offer and the provisions of this Article shall apply with the necessary changes to the New Shareholder.

## **18. CO-SALE RIGHT**

- 18.1 Save as provided below, no transfer (other than a Permitted Transfer) of any of the Ordinary Shares may be made or validly registered unless a Proposed Seller shall have observed the following procedures of this Article. The provisions of this Article shall not apply to the trustees of a Family Trust of a Proposed Seller following his death or to the legal personal representative of a Proposed Seller following his death.

- 18.2 After the Proposed Seller has gone through the pre-emption process set out in **Article 13**, the Proposed Seller shall give to each holder of Shares who has not taken up their pre-emptive rights under **Article 13** (an “**Equity Holder**”) not less than 10 Business Days’ notice in advance of the proposed sale (a “**Co-Sale Notice**”). The Co-Sale Notice shall specify:

- (a) the identity of the proposed purchaser (the “**Buyer**”);
- (b) the price per share which the Buyer is proposing to pay;
- (c) the manner in which the consideration is to be paid;
- (d) the number of Ordinary Shares which the Proposed Seller proposes to sell; and
- (e) the address where the counter-notice should be sent.

- 18.3 Each Equity Holder shall be entitled within 10 Business Days after receipt of the Co-Sale Notice, to notify the Proposed Seller that they wish to sell a certain number of Shares held by them at the proposed sale price, by sending a counter-notice which shall specify the number of Shares which such Equity Holder wishes to sell. The maximum number of shares which an Equity Holder can sell under this procedure shall be:

$$\left( \frac{X}{Y} \right) \times Z$$

where:

X is the number of Shares held by the Equity Holder;

Y is the total number of Shares; and

Z is the number of Ordinary Shares the Proposed Seller proposes to sell.

- 18.4 Any Equity Holder who does not send a counter-notice within such 5 Business Day period shall be deemed to have specified that they wish to sell no shares.
- 18.5 Following the expiry of 10 Business Days from the date the Equity Holders receive the Co-Sale Notice, the Proposed Seller shall be entitled to sell to the Buyer on the terms notified to the Equity Holders a number of shares not exceeding the number specified in the Co-Sale Notice less any shares which Equity Holders have indicated they wish to sell, provided that at the same time the Buyer (or another person) purchases from the Equity Holders the number of shares they have respectively indicated they wish to sell on terms no less favourable than those obtained by the Proposed Seller from the Buyer.
- 18.6 No sale by the Proposed Seller shall be made pursuant to any Co-Sale Notice more than three months after service of that Co-Sale Notice.
- 18.7 Sales made in accordance with **Article 18.5** shall not be subject to **Article 13**.

## **19. DRAG-ALONG**

- 19.1 If the holders of 75% of the Shares (such majority to include the holders of 75% of the Shares in respect of which Finance Wales and Longbow Clients are the legal or beneficial owners) (the “**Selling Shareholders**”) wish to transfer all their interest in Shares (the “**Sellers' Shares**”) to a Proposed Purchaser, the Selling Shareholders shall have the option (the “**Drag Along Option**”) to require all the other holders of Shares (the “**Called Shareholders**”) to sell and transfer all their Shares to the Proposed Purchaser or as the Proposed Purchaser shall direct in accordance with the provisions of this Article.
- 19.2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a “**Drag Along Notice**”) to the Called Shareholders at any time before the transfer of the Sellers' Shares to the Proposed Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Shares (the “**Called Shares**”) under this Article, the person to whom they are to be transferred, the consideration payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per share offered by the Proposed Purchaser for the Seller's Shares and the proposed date of transfer.
- 19.3 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 Proposed Purchaser within 40 Business Days after the date of service of the Drag Along Notice.
- 19.4 No Drag Along Notice may require a Called Shareholder to agree to any terms except those specifically provided for in this Article.
- 19.5 Within five Business Days of the Proposed Purchaser serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their



Shares in favour of the Proposed Purchaser or as the Proposed Purchaser shall direct, together with the relevant share certificate(s) (or a suitable indemnity in lieu thereof) to the Company. On the expiration of that five Business Day period the Company shall pay the Called Shareholders, on behalf of the Proposed Purchaser, the amounts they are due pursuant to **Article 19.4** to the extent the Proposed Purchaser has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Purchaser. The Company shall hold the amounts due to the Called Shareholders pursuant to **Article 19.4** in trust for the Called Shareholders without any obligation to pay interest.

- 19.6 To the extent that the Proposed Purchaser has not, on the expiration of such five Business Day period, put the Company in funds to pay the price due pursuant to **Article 19.5**, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this **Article 19** in respect of their Shares.
- 19.7 If a Called Shareholder fails to deliver stock transfer forms and share certificates (or suitable indemnity) for its Shares to the Company upon the expiration of that five Business Day period, the Directors shall, if requested by the Proposed Purchaser, authorise any Director to transfer the Called Shareholder's Shares on the Called Shareholder's behalf to the Proposed Purchaser (or its nominee(s)) to the extent the Proposed Purchaser has, at the expiration of that five Business Day period, put the Company in funds to pay the price for the Called Shareholder's Shares offered to him. The Board shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Called Shareholder shall surrender his share certificate for his Shares (or provide a suitable indemnity) to the Company. On surrender, he shall be entitled to the amount due to him under **Article 19.4**.
- 19.8 Any transfer of Shares to a Proposed Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the provisions of **Article 13**.
- 19.9 If any person, following the issue of a Drag Along Notice, becomes a Shareholder of the Company pursuant to the exercise of a pre-existing warrant or option to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a "**New Shareholder**"), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice and the New Shareholder shall then be bound to sell and transfer all Shares so acquired to the Proposed Purchaser or as the Proposed Purchaser may direct and the provisions of this Article shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

## **20. GENERAL MEETINGS**

- 20.1 In Regulation 37 of Table A there shall be substituted for the words "eight weeks" the words "twenty-eight days".
- 20.2 In its application to the Company, Regulation 50 of Table A shall be modified by the insertion after the word "shall" and before the words "be entitled" of the word "not".

## **21. PROXIES**

The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may:

- (a) be deposited at the office or at any other place within the United Kingdom as may be specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;
- (b) be delivered at the meeting or adjourned meeting at which the person named in the instrument proposes to vote to the Chairman or to the Secretary or to any Director; or
- (c) in the case of a poll, be delivered at the meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director, or at the time and place at which the poll is held to the Chairman or to the Secretary or to any Director or scrutineer,

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

## **22. DIRECTORS' BORROWING POWERS**

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock and other securities as security for any debt, liability of obligation of the Company or of any third party.

## **23. ALTERNATE DIRECTORS**

Notwithstanding any provision of these Articles to the contrary, any person appointed as a director may appoint any person as he thinks fit to be his, her or its alternate Director and the appointment of an alternate Director shall not require approval by a resolution of the Directors, and in its application to the Company Regulation 65 of Table A shall be modified accordingly.

## **24. NUMBER OF DIRECTORS**

Unless and until the Company in general meeting shall otherwise determine the number of Directors shall be not less than three.

## **25. APPOINTMENT OF DIRECTORS**

- 25.1 For so long as the Longbow Clients hold Shares representing not less than 10 per cent of the entire issued share capital of the Company, Longbow shall have the right to appoint and maintain in office such person as it may from time to time nominate as a director of the Company (and as a member of each and any committee of the Board) and to remove any director so appointed and, upon his removal, to appoint another director in his place. The Longbow Director appointed pursuant to this **Article 25.1** shall be appointed by written notice to the Company signed by Longbow, which notice shall take effect on delivery at the registered office or at any meeting of the Board or committee thereof.
- 25.2 For so long as a Nominating Investor hold Shares representing not less than 10 per cent of the entire issued share capital of the Company, that Nominating Investor shall have the right to appoint and maintain in office such person as it may from time to time nominate as a director of the Company (and as a member of each and any committee of the Board) and to remove any director so appointed and, upon his removal, to appoint another director in his place. Any Nominating Investor Director appointed pursuant to this **Article 25.2** shall be appointed by written notice to the Company signed by the relevant Nominating Investor

which notice shall take effect on delivery at the registered office or at any meeting of the Board or committee thereof.

- 25.3 The Founders shall, for so long as they collectively hold more than 20 per cent. of the entire issued share capital of the Company, have the right to appoint and maintain in office two persons as the Founders may from time to time nominate as Directors of the Company and to remove any Directors so appointed and, upon their removal the Founders shall be entitled to appoint two other Directors in their place. The appointment and removal of the Founders Directors pursuant to this **Article 25.3** shall be by written notice to the Company signed by all the Founders or, in the event of disagreement, by the holder or holders of a majority in number of the Shares held by the Founders and their Permitted Transferees, which notice shall take effect on delivery at the registered office at any meeting of the Board or committee thereof.
- 25.4 The Founders shall, for so long as they collectively hold less than 20 per cent. but more than 10 per cent. of the entire issued share capital of the Company, have the right to appoint and maintain in office one person as the Founders may from time to time nominate as a Director of the Company and to remove any Director so appointed and, upon his removal the Founders shall be entitled to appoint another Director in his place. The appointment and removal of the Founder Directors pursuant to this **Article 25.4** shall be by written notice to the Company signed by all the Founders or, in the event of disagreement, by the holder or holders of a majority in number of the Shares held by the Founders and their Permitted Transferees, which notice shall take effect on delivery at the registered office at any meeting of the Board or committee thereof.
- 25.5 At any time and from time to time the Majority Holders may, by memorandum in writing executed by or on behalf of him or them and left at or sent to the registered office, or, if permitted by the Directors, by electronic communication in such manner and form as the Directors may decide, appoint any person to be a Director or remove from office any Director (other than an Investor Director or a Managers Director) who shall vacate office accordingly. Any such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company. Any appointment of a person as a Director (other than the appointment of an Investment Director or the appointment of any of the Managers as a Director) whether pursuant to this Article or otherwise shall require the prior consent of a majority of the Investor Directors, such consent not be unreasonably withheld or delayed.
- 25.6 In its application to the Company, Regulation 78 of Table A shall be modified by the deletion of the words "... and may also determine the rotation in which any additional Directors are to retire".
- 25.7 In its application to the Company, Regulation 79 of Table A shall be modified by the deletion of the second and third sentences.
- 25.8 In its application to the Company, Regulation 84 of Table A shall be modified by the deletion of the third and final sentences.
- 25.9 The Directors shall be entitled to such remuneration (if any) as the Company (with an Investor Director Consent) may determine.

## **26. DISQUALIFICATION OF DIRECTORS**

In addition to that provided in Regulation 81 of Table A, the office of a Director shall also be vacated if:

- (a) he is convicted of a criminal offence (other than a minor motoring offence) and the Directors resolve that his, her or its office be vacated;
- (b) in the case of Directors, other than an Investor Director, if a majority of his co-Directors serve notice on him in writing, removing him from office.

## **27. PROCEEDINGS OF DIRECTORS**

- 27.1 No business shall be transacted at any meeting of the Board (including, for the avoidance of doubt, any adjourned meeting) unless a quorum is present. The quorum at a Board meeting shall be two Directors including at least one Investor Director (or their respective alternates) present at the time when the relevant business is transacted. If a quorum is not present within half an hour of the time appointed for the meeting or ceases to be present, the Director(s) present shall adjourn the meeting to a specified place and time three Business Days after the original date. Notice of the adjourned meeting shall be given by any Director or the secretary of the Company.
- 27.2 In its application to the Company Regulation 89 of Table A shall be modified:
- (a) by the deletion of the words “may be fixed by the Directors and unless so fixed at any other number” in the first sentence; and
  - (b) by the addition of the following as the final sentence:  
  

“In the event that a meeting of the Directors is attended by a Director who is acting as alternate for one or more other Directors, the Director or Directors for whom he is the alternate shall be counted in the quorum despite their absence, and if on that basis there is a quorum the meeting may be held despite the fact (if it is the case) that only one Director is physically present”.
- 27.3 Any Director who participates in the proceedings of a meeting by means of a communication device (including a telephone) which allows all the other Directors present at that meeting (whether in person or by alternate or by means of that type of communication device) to hear at all times that Director and that Director to hear at all times all other Directors present at the meeting (whether in person or by alternate or by means of that type of communication device) shall be deemed to be present at the meeting and shall be counted when reckoning a quorum. A meeting held by these means shall be deemed to take place where the largest group of participators in number is assembled. In the absence of a majority the location of the chairman shall be deemed to be the place of the meeting.
- 27.4 For the purposes of Section 175 of the Act, the Board may authorise any matter proposed to it in accordance with these Articles which would, if not so authorised, involve a breach of duty by a Director under that section, including, without limitation, any matter which relates to a situation in which a Director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation will be effective only if the matter was agreed to without the relevant Director voting or would have been agreed to if his votes had not been counted. The Board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes but such authorisation is otherwise given to the fullest extent permitted. The Board may vary or terminate any such authorisation at any time. For the purposes of these Articles, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests. A Director may vote at a meeting of the Directors, and form part of a quorum present at that meeting, in relation to any matter in which he has, directly or indirectly, an interest or duty which conflicts or which may conflict with the interests of the Company, provided that he

has previously disclosed the nature of such duty or interest to the Directors and the Board has given the authorisation referral to above. The provisions of Regulation 86 of Table A shall be taken to apply equally to any disclosure to be made under the provisions of this Article.

- 27.5 Questions arising at any meeting of the Directors shall be decided by a majority of votes. In the case of any equality of votes, the chairman shall not have a second or casting vote. In its application to the Company, Regulation 88 of Table A shall be modified by the deletion of the words “In the case of an equality of votes, the chairman shall have a second or casting vote”.

## **28. EXECUTION OF DOCUMENTS**

In its application to the Company Regulation 101 of Table A shall be modified by the addition of the following sentence:

“Any instrument expressed to be executed by the Company and signed by two Directors, or by one Director and the Secretary, or by one Director in the presence of a witness who attests the signature, in either case by the authority of the Directors, or of a committee authorised by the Directors shall (to the extent permitted by the Act) have effect as if executed under seal”.

## **29. DIVIDENDS**

In Regulation 103 of Table A the words from “If the share capital is divided” to the end of the third sentence of the Regulation shall be deleted.

## **30. NOTICES**

- 30.1 Any notice shall be in writing and shall be conclusively deemed to have been duly given:

- (a) when hand delivered to the relevant party;
- (b) when received when sent by facsimile, e-mail or any other form of electronic communication at the relevant address;
- (c) two Business Days after dispatch if sent to an address in the United Kingdom by post;
- (d) five Business Days after dispatch if sent by reputable international overnight courier addressed to the relevant party provided that delivery in at least five (5) Business Days was guaranteed at the time of sending and the sending Party receives a confirmation of delivery from the courier service provider; or
- (e) by airmail (registered or certified) 15 Business Days after sending.

- 30.2 In proving service of a notice it shall be sufficient to prove that personal delivery was made, or that the relevant notice or other written communication was properly addressed stamped and posted or in the case of a facsimile, e-mail or other form of electronic communication evidence that the relevant communication was properly sent.

- 30.3 Regulation 115 of Table A shall be deleted.

## **31. INDEMNITIES AND INSURANCE**

- 31.1 Subject to the provisions of the Act:

- (a) every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his, her or its office or otherwise in relation to his, her or its office, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his, her or its favour or in which he is acquitted or in connection with any application under section 1157 of the Act in which relief is granted to him by the court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his, her or its office or otherwise in relation to his, her or its office; and
- (b) the Directors may exercise all the powers of the Company to purchase and maintain insurance for any such Director or other officer against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

31.2 The Company shall (at the cost of the Company) effect and maintain for each Director policies of insurance insuring each Director against risks in relation to his office as each director may reasonably specify including without limitation, any liability which by virtue of any rule of law may attach to him in respect of any negligence, default of duty or breach of trust of which he may be guilty in relation to the Company.