

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

THE COCONUT COLLABORATIVE LTD

Company No 07471527



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**Company number 07471527**  
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**OF**  
**THE COCONUT COLLABORATIVE LTD**

**(Adopted by special resolution passed on 25 August 2020 )**

**INTRODUCTION**

**1. Interpretation**

1.1 The following definitions and rules of interpretation apply in these Articles:

**Act:** the Companies Act 2006.

**acting in concert:** has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended).

**Adoption Date:** the date of adoption of these Articles.

**Alternate Director:** A representative of Investor appointed by the Investor Director in the event that the Investor Director is conflicted with respect to a resolution presented to the Board. Such Alternate Director shall have full right and authority to exercise the Investor Director's powers and carry out the Investor Director's responsibilities with respect to such Board vote.

**Arrears:** in relation to any Share, all arrears of any dividend or other sums payable in respect of that Share, declared and unpaid.

**Articles:** the Company's articles of association for the time being in force.

**Auditors:** the auditors for the time being of the Company.

**Available Profits:** profits available for distribution within the meaning of part 23 of the Act.

**Bad Leaver:** an Employee who ceases to be an Employee as a consequence of:

- a) such person's resignation as an Employee, except in circumstances which constitute a constructive, wrongful and/or unfair dismissal save in the case that unfair dismissal is as a result of a procedural defect; or
- b) that person's dismissal as an Employee for cause, where "cause" shall mean: (i) the lawful termination of that person's contract of employment or consultancy without notice or payment in lieu of notice as a consequence of that person's misconduct; and/or (ii) that person's fair dismissal pursuant to section 98(2) (a) (capability) or 98(2) (b) (conduct) of the Employment Rights Act 1996.

**Board:** the board of Directors and any committee of the board constituted for the purpose of taking any action or decision contemplated by these Articles.

**Business Day:** a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

**Chairman:** has the meaning given to it in article 7.7;

**Company:** means The Coconut Collaborative Ltd (Company number 07471527).

**Company's Lien:** has the meaning given to it in article 28.1.

**connected:** has the meaning given in section 252 of the Act.

**Controlling Interest:** an interest in Shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010.

**Deemed Liquidation Event:** any of

- (a) a Share Sale; or
- (b) a Disposal.

**Deemed Transfer Notice:** a Transfer Notice which is deemed to have been served by any of the provisions of these Articles.

**Departing Employee:** an Employee who ceases to be a director or employee of, or consultant to, any Group Company and who does not continue as, or become, a director or employee of, or consultant to, any Group Company.

**Directors:** the directors of the Company from time to time.

**Disposal:** the sale, lease, transfer, disposal or other disposition by the Company of all or substantially all of its undertaking and assets (where disposal may include, without limitation, the grant by the Company of an exclusive licence of intellectual property not entered into in the ordinary course of business).

**Early Leaver:** an Employee who becomes a Departing Employee for any reason within six months of (but excluding) the Adoption Date.

**Eligible Director:** means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter).

**Employee:** an individual who is, or has been, a director and/or an employee of, or who does provide or has provided consultancy services to, any Group Company.

**Encumbrance:** any mortgage, charge, security interest, lien, pledge, assignment by way of security, hypothecation, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever.

**Equity Shares:** the Preferred Shares and the Ordinary Shares.

**Exit:** a Deemed Liquidation Event or a Listing.

**Fair Value:** has the meaning given in article 21.2.

**Family Trust:** as regards any particular Shareholder who is an individual (or deceased or former Shareholder who is an individual) any trust (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 particular Shareholder and/or any of the Privileged Relations of that Shareholder (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 any such person or any voting or other rights attaching thereto are exercisable by or as directed by any 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).

**Financial Year:** an accounting reference period (as defined in section 391 of the Act) of the Company.

**First Offer Shareholders:** means the Investor and the W.G. Group.

**Founder:** has the meaning attributed to it in the Investment Agreement entered into by the Shareholders on or about the date of the adoption of these Articles.

**Fund Manager:** a person whose principal business is to make, manage or advise upon investments in securities.

**Good Leaver:** an Employee who ceases to be an Employee and who is not a Bad Leaver or an Early Leaver and shall include, without limitation, when the Directors determine that a person is not a Bad Leaver.

**Group:** the Company, any subsidiary or any holding company from time to time of the Company, and any subsidiary from time to time of a holding company of the Company from time to time and **Group Company:** shall be construed accordingly.

**holding company:** has the meaning given in article 1.11.

**Independent Expert:** the Auditors or, if they decline the instruction, an independent firm of accountants jointly appointed by the Company and the Seller or, in the absence of agreement between the Company and the Seller on the identity of the expert within 10 Business Days of the expiry of the 10 Business Day period referred to in article 21.1, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator).

**Investment Agreement:** the investment agreement dated on or around the Adoption Date between, amongst others, the Company and the Investors (as the same may have been varied, supplemented, adhered to or superseded in accordance with its terms for the time being).

**Investor:** Powerplant Ventures II L.P., Powerplant Ventures II-A L.P. and their Permitted Transferees.

**Investor Consent:** the prior consent in writing of an Investor Majority.

**Investor Director:** has the meaning given in article 7.1.

**Investor Majority:** the holder(s) for the time being of not less than 75% of all Preferred Shares held by Investors from time to time (and all Ordinary Shares in

issue from time to time resulting from the conversion of Preferred Shares held by Investors under these Articles).

**Issue Price:** in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium.

**Lien Enforcement Notice:** means a notice in writing which complies with the requirements of article 29.2.

**Listing:** the successful application and admission of all or any of the Shares, or securities representing such Shares (including without limitation depositary interests, American depositary receipts, American depositary shares and/or other instruments) to the Official List of the Financial Conduct Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000) or any other public securities market.

**Member of the Same Fund Group:** if the Shareholder is a fund, partnership, company, syndicate or other entity whose business is managed by a Fund Manager (an **Investment Fund**) or a nominee of that person:

- a) any participant or partner in or member of any such Investment Fund or the holders of any unit trust which is a participant or partner in or member of any Investment Fund (but only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business);
- b) any Investment Fund managed or advised by that Fund Manager;
- c) any trustee, nominee or custodian of such Investment Fund and vice versa;
- d) the Fund Manager of that Investment Fund and vice versa; or
- e) any Member of the same Group as that Fund Manager.

**Member of the Same Group:** as regards any company, a company which is from time to time a holding company or a subsidiary of that company or a subsidiary of any such holding company.

**Model Articles:** the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (*SI 2008/3229*), as amended prior to the Adoption Date.

**Ordinary Shares:** the ordinary shares of £0.01 each in the capital of the Company.

**Original Shareholder:** has the meaning given in article 19.1.

**Permitted Founder Transfer:** a sale or sales by the Founder (i) of Ordinary Shares, (ii) made no later than December 31, 2020, (iii) at a price per share not less than 10% of the Preferred Shares Original Issue Price and (iv) in the aggregate amount of £3,000,000 (three million pounds sterling) worth of Ordinary Shares provided, however, that no individual purchaser of such

Ordinary Shares and his associates shall collectively purchase more than US\$2,500,000 (two million five hundred thousand US dollars) worth of Ordinary Shares.

**Permitted Transfer:** a transfer of Shares made in accordance with article 19.

**Permitted Transferee:** in relation to:

- a) a Shareholder who is an individual, any of his Privileged Relations or the trustee(s) of a Family Trust;
- b) a Shareholder which is a company, a Member of the Same Group as that company; and
- c) an Investor, to (i) a Member of the Same Fund Group as that Investor, or (ii) a Member of the Same Group as that Investor, or (iii) any nominee of that Investor (or of a Member of the Same Fund Group as that Investor).

**Preferred Return:** US\$125.09 per Preferred Share together with a sum equal to any Arrears (or, if greater, the amount that the Preferred Share would receive on an as-converted basis);

**Preferred Shares:** the series A preferred ordinary shares of £0.01 each in the capital of the Company.

**Preferred Shares Conversion Price:** shall initially be equal to \$125.09, as such amount may be subsequently adjusted pursuant to articles 15 and 16.

**Preferred Shares Original Issue Price:** \$125.09 (if applicable, adjusted pursuant to these Articles).

**Privileged Relation:** in relation to a Shareholder who is an individual (or a deceased or former Shareholder who is an individual) means a spouse, civil partner (as defined in the Civil Partnerships Act 2004), child or grandchild (including step or adopted or illegitimate child) and their issue.

**Qualifying Listing:** (a) a fully underwritten Listing which (i) values the Shares the subject of the Listing at a price per Share of not less than three times the Issue Price paid by the Investor for the subscription by it of the Preferred Shares (upon the earliest subscription for such Preferred Shares) or more (such Share price being adjusted to take account of any subdivision, consolidation or other re-organisation of the equity share capital of the Company after the Adoption Date), but excluding for the purposes of such valuation any Shares issued or subscribed at the time of or in connection with the Qualifying Listing, other than any Shares issued under the terms of a Share Option Scheme; and (ii) the proceeds arising to the Company for such Listing (net of expenses) is not less than \$US30,000,000 (thirty million US dollars) or (b) any Listing designated by notice in writing (addressed to the Company) as a Qualifying Listing by an Investor Majority

**Relevant Securities:** any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than:

- a) the grant of any options under a Share Option Plan (and the issue of Shares on the exercise of any such options);

- b) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles and/or the Investment Agreement;
- c) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business which has been approved by Investor Consent;
- d) securities issued upon the conversion of any of the Preferred Shares into Ordinary Shares or paid out as a dividend or distribution on the Preferred Shares;
- e) any Shares issued upon the conversion of any debenture, warrant, option or other convertible security; and
- f) Ordinary Shares issued upon stock split, stock dividend or any sub-division of the Ordinary Shares.

**Relevant Shares:** in relation to an Employee means all Shares held by:

- a) the Employee in question; and
- b) any Permitted Transferee of that Employee (other than those Shares held by those persons that were not acquired directly or indirectly from the Employee or by reason of his/her relationship with the Employee),
- c) and including any Shares acquired by any such person after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice.

**Restricted Shares:** has the meaning given in article 22.7.

**Sale Proceeds:** means the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale.

**Sale Shares:** has the meaning given in article 20.2(a).

**Schreiber Group:** means a group of Shareholders who are defined as such in an investment agreement which was entered into by the Shareholders on or about the date of the adoption of these articles.

**Second Offer Shareholders:** Holders of the Ordinary Shares.

**Seller:** has the meaning given in article 20.2.

**Shareholder:** a holder for the time being of any Share or Shares, but excluding those Shares held in treasury.

**Share Option Scheme:** any share option scheme of the Company which an Investor Majority identifies in writing as being a Share Option Scheme for the purposes of these Articles.

**Shares:** shares (of any class) in the capital of the Company and **Share:** shall be construed accordingly.

**Share Sale:** the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or as a series of transactions, including by merger, consolidation



or reconstruction) which would, if completed, result in the buyer, acquirer or holder of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest, except where the then Shareholders holding a majority of the voting power in the Company prior to such sale, merger, consolidation or reconstruction continue to hold a majority of the voting rights in the buyer, the Company or any new entity (as the case may be).

**subsidiary:** has the meaning given in article 1.11.

**Termination Date:**

- a) where employment ceases by virtue of notice given by the employer to the Employee, the date on which notice of termination was served;
- b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;
- c) where an Employee dies, the date of his death;
- d) where the Employee concerned is a director but not an Employee, the date on which his service agreement (or other terms of appointment) with the relevant Group Company is terminated; or
- e) in any other case, the date on which the employment or holding of office is terminated.

**Transfer Notice:** has the meaning given in article 20.2.

**Transfer Price:** has the meaning given in article 21.1.

**W.G. Group:** means a group of Shareholders who are defined as such in an investment agreement which was entered into by the Shareholders on or about the date of the adoption of these articles.

**writing or written:** the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, in relation to a Transfer Notice (or Deemed Transfer Notice), "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax).

- 1.2 Headings in these Articles shall not affect the interpretation of these Articles.
- 1.3 Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.
- 1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.5 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date).
- 1.6 A reference in these Articles to:

- (a) an **Article** is a reference to the relevant numbered article of these Articles; and
  - (b) a **model article** is a reference to the relevant article,
- unless expressly provided otherwise.
- 1.7 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.10 A reference in these Articles to:
- (a) a **holder** of Shares or any class of Shares as the case may be shall, in each case, be deemed to exclude the Company holding Shares in treasury; and
  - (b) **issued Shares** of any class shall exclude any Shares of that class held as treasury Shares from time to time, unless stated otherwise.
- 1.11 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:
- (a) another person (or its nominee), by way of security or in connection with the taking of security; or
  - (b) its nominee.
- In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Act shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.
- 1.12 In respect of any actions or matters requiring or seeking the acceptance, approval, agreement, consent or words having similar effect of an Investor Director under these Articles, if at any time an Investor Director has not been appointed or an Investor Director declares in writing to the Company and the Investors that he considers that providing such consent gives rise or may give rise to a conflict of interest to his duties as a Director, the Investor Director may appoint an Alternate Director, provided, however, that, in order to do so, the Investor Director must provide notice in writing to the Company, signed by

both the Investor Director and the Alternate Director, containing a statement signed by the Alternate Director that he or she is willing to act as the Alternate Director and specifying the resolution that the Alternate Director will be voting on.

- 1.13 Where there is reference to Preferred Shares under these Articles, this reference shall be treated, where appropriate in the context, on an as converted basis if the Conversion Ratio has been adjusted.

## **2. Adoption of the Model Articles**

- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2 Model articles 7, 8, 9(1) and (3), 11(2) and (3), 12, 13, 14(1) to (4) (inclusive), 16, 18(e), 22, 26(5), 38, 39, 44(2), 49, and 51 to 53 (inclusive) shall not apply to the Company.
- 2.3 Model article 20 shall be amended by the insertion of the words "and the secretary" before the words "properly incur".
- 2.4 In model article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5 Model article 29 shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name".

## **3. Share Capital**

- 3.1 In these Articles, unless the context or provision requires otherwise:
- (a) the Preferred Shares and the Ordinary Shares shall rank *pari passu* in all respects but shall constitute separate classes of Shares; and
  - (b) references to Shares of a particular class shall include Shares created and/or issued after the Adoption Date and ranking *pari passu* in all respects (or in all respects except only as to the date from which those Shares rank for dividend) with the Shares of the relevant class then in issue.

## **DIRECTORS**

### **4. Number of directors**

Unless otherwise determined by ordinary resolution, the number of Directors shall be five.

### **5. Proceedings of directors**

- 5.1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with article 5.2 (subject to article 5.3 and article 5.4). All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made

only by resolution and resolutions at any meeting of the Directors (or committee of the Directors) shall be decided by a majority of votes.

- 5.2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 5.3 A decision taken in accordance with article 5.2 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 5.4 A decision may not be taken in accordance with article 5.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with article 5.7 and article 5.8.
- 5.5 Meetings of the Directors shall take place at least four times in each year, unless otherwise agreed by a vote of the majority the Board, including the Investor Director. Any Director may call a meeting of the Directors, or authorise the company secretary (if any) to give such notice.
- 5.6 At least 14 days' advance notice in writing of each meeting of the Board shall be given to each Director (except with the prior consent of all Directors, when meetings of the Directors may take place less frequently or on shorter notice).
- 5.7 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be two Eligible Directors. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors determine. If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed, then the meeting shall proceed.
- 5.8 For the purposes of any meeting (or part of a meeting) held pursuant to article 9 to authorise a Conflict (as defined in article 9.1), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 5.9 If the number of Directors in office for the time being is less than two, the Director in office must not take any decision other than a decision to:
  - (a) appoint further Directors; or
  - (b) call a general meeting so as to enable the Shareholders to appoint further Directors.
- 5.10 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the Chairman (or other chairman of the meeting) shall not have a second or casting vote.
- 5.11 Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye.

## **6. Appointment and removal of Directors**

- 6.1 Model article 17(1) shall be modified by the inclusion, at the end of that model article, of the words "provided that the appointment does not cause the

number of Directors to exceed the maximum number set out in article 4 of these Articles".

- 6.2 Model article 18 shall be modified by the addition of the following event upon the occurrence of which a person shall cease to be a Director:

(a) he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director;

## **7. Investor director, Chairman and observer**

- 7.1 An Investor Majority shall from time to time have the right, for so long as the Investors hold at least 5% of the Equity Shares in issue for the time being, to appoint, by notice in writing addressed to the Company, and to maintain in office, one person as a Director (an **Investor Director**) and to remove any such Investor Director and to appoint a replacement. Once the Investors cease to hold at least 5% of the Equity Shares in issue for the time being this right to appoint an Investor Director will be permanently lost.
- 7.2 Shareholders of W.G. Group holding a majority of the Shares held by W.G. Group shall from time to time have the right to appoint, by notice in writing addressed to the Company, and to maintain in office, two persons as Directors and to remove such Directors and to appoint replacements. Once the W.G. Group ceases to hold any Equity Shares in issue this right to appoint Directors will be permanently lost.
- 7.3 Shareholders of Schreiber Group holding a majority of the Shares held by the Schreiber Group shall from time to time have the right to appoint, by notice in writing addressed to the Company, and to maintain in office, one person as Director and to remove such Director and to appoint replacements. Once the Schreiber Group ceases to hold any Equity Shares in issue this right to appoint a Director will be permanently lost.
- 7.4 The Founder, for so long as he holds at least 5% of the Equity Shares in issue for the time being, shall from time to time have the right, by a notice in writing addressed to the Company, to appoint and to maintain in office one person as a Director and to remove any such Director and to appoint a replacement. Once the Founder ceases to hold at least 5% of the Equity Shares in issue for the time being this right to appoint a Director will be permanently lost.
- 7.5 Any appointment or removal of a Director made in accordance with article 7.1 to 7.3 shall take immediate effect upon receipt (or deemed receipt) by the Company of such notice in writing, or the production of such notice at a meeting of the Directors or, if later, the date (if any) specified in such notice.
- 7.6 The Investor Director shall be entitled to be appointed to any committee of the Directors established from time to time. On the receipt of the request in writing of his appointor(s), the Company shall procure that the Investor Director shall be appointed as a director of any other Group Company, to the extent specified in such request (but such Investor Director shall not be entitled to any additional fee).
- 7.7 An Investor Majority shall from time to time have the right, for so long as the Investors hold at least 5% of the Equity Shares in issue for the time being, to nominate one person to be an observer, who shall be entitled to receive notice of all meetings of Directors (and committees of the Directors) of each Group Company and copies of all Board papers as if he were a Director and to

attend, propose resolutions and speak at, but not vote at, any meeting of the Directors (and committees of the Directors).

- 7.8 A majority of the Directors may appoint any person as chairman of the Board (**Chairman**) and may, with Investor Consent, remove and replace any such Chairman. If there is no Chairman in office for the time being, or the Chairman is unable to attend any meeting of the Directors, the Directors present at the meeting must appoint another Director present at the meeting to chair the meeting and the appointment of the Chairman of the meeting must be the first business of the meeting.

#### **8. Transactions or other arrangements with the Company**

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of the Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- (c) shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- (d) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (e) may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

#### **9. Directors' conflicts**

- 9.1 The Directors may, in accordance with the requirements set out in this article 9, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).

- 9.2 Any authorisation under this article 9 will be effective only if:

- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

9.3 Any authorisation of a Conflict under this article 9 may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict;
- (c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict;
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
- (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
- (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.

9.4 Where the Directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.

9.5 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.

9.6 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested (including by the holding of Shares) in his appointor(s) (or any Permitted Transferee of such appointor(s)) and no authorisation under article 9.1 shall be necessary in respect of any such interest.

- 9.7 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

## **10. Secretary**

The Directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the Directors so decide, appoint a replacement, in each case by a decision of the Directors.

## **SHARES AND DISTRIBUTIONS**

### **11. Dividends**

- 11.1 In respect of any Financial Year, the Available Profits of the Company may be used to pay dividends as set out in this article 11, should the Board so elect.
- 11.2 Subject to article 11.5, any Available Profits which the Company may determine to distribute in respect of any Financial Year will be distributed among the holders of the Equity Shares (pari passu as if they constituted Shares of the same class) pro rata to their respective holdings of Equity Shares.
- 11.3 Subject to the Act, the Directors may pay interim dividends provided that the Available Profits of the Company justify the payment.
- 11.4 Each dividend shall be distributed to the appropriate Shareholders pro rata according to the number of Shares held by them respectively and shall accrue daily (assuming a 365-day year) as well after as before the commencement of a winding up. All dividends are expressed net and shall be paid in cash.
- 11.5 Notwithstanding any other provision of this article 11, no dividend may be paid to the Company in respect of any Shares held in treasury.
- 11.6 If there are nil paid or partly paid share(s), any holder of such share(s) shall only be entitled, in case of any dividend, to be paid an amount equal to the amount of the dividend multiplied by the percentage of the amount that is paid up (if any) on such share(s) during any portion or portions of the period in respect of which a dividend is paid.

### **12. Liquidation preference**

On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of Shares), the assets of the Company remaining after the payment of its liabilities shall be applied (to the extent that the Company is lawfully able to do so) in the following order of priority:

- (a) first, in paying to each of the holders of the Preferred Shares, in priority to any other classes of Shares, an amount per share held equal to the Preferred Return calculated down to (and including) the date of the return of capital and, if there is a shortfall of assets remaining to satisfy such payments in full, the proceeds shall be distributed to the holders of the Preferred Shares pro rata to the



aggregate amounts due under this article 12(a) to each such Preferred Share held; and

- (b) thereafter, in distributing the balance (if any) among the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held with no further entitlement applying to the holders of the Preferred Shares.

### **13. Exit provisions**

- 13.1 On a Share Sale the Sale Proceeds shall be distributed in the order of priority set out in article 12 and the Directors shall not register any transfer of Shares if the Sale Proceeds are not so distributed save in respect of any Shares not sold in connection with that Share Sale provided that if the Sale Proceeds are not settled in their entirety upon completion of the Share Sale:

- (a) the Directors shall not be prohibited from registering the transfer of the Relevant Shares so long as the Sale Proceeds that are settled have been distributed in the order of priority set out in article 12; and
- (b) the Shareholders shall take any action required by an Investor Majority to ensure that the Sale Proceeds in their entirety are distributed in the order of priority set out in article 12.

In the event that the Sale Proceeds are distributed on more than one occasion (for any deferred or contingent consideration or otherwise), the consideration so distributed on any further occasion shall be paid by continuing the distribution from the previous distribution of consideration in the order of priority set out in article 12.

- 13.2 On a Disposal the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in article 12 provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, the Shareholders shall take any action required or necessary so that article 12 applies. For the avoidance of doubt, nothing herein shall be construed to provide Investor with a liquidation preference in excess of the Preferred Return applicable to the Investor.
- 13.3 The entitlement of the holders of the Preferred Shares to their portion of the Sale Proceeds or the surplus assets of the Company pursuant to this article 13 shall not be abrogated or diminished in the event part of the consideration is subject to escrow in connection with that Deemed Liquidation Event.

### **14. Variation of class rights**

- 14.1 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 at least 75% in nominal value of the issued Shares of that class (excluding any holder(s) of Restricted Shares), save that the special rights attached to the Preferred Shares may only be varied or abrogated with Investor Consent.
- 14.2 Without prejudice to the generality of article 14.1, the special rights attaching to the Preferred Shares shall be deemed to be varied by the occurrence of any of the following events:

- (a) the amendment or repeal of any provision of, or addition of any provision to, the constitution of any Group Company in a manner which adversely affects the powers, preferences or rights granted to the holders of the Preferred Shares; or
- (b) the alteration in any manner (including, without limitation, by a, reduction, sub-division, consolidation, re-classification or a change in any of the rights attached) of any of the issued share capital or other securities of any Group Company or the creation by any Group Company of any shares or other securities (save as expressly provided otherwise in these Articles), but excluding in each case the issue of any shares or other securities on the exercise of any option, warrant or other right to acquire or subscribe for shares or other securities referred to in article 17.

14.3 The creation of a new class of Shares which has preferential rights to one or more existing classes of Shares shall not, except as provided in article 14.2, constitute a variation of the rights of those existing classes of Shares.

## **15. Conversion of Preferred Shares**

15.1 Any holder of Preferred Shares may at any time, by notice in writing to the Company, require conversion of all or any portion of the Preferred Shares held by it at any time into such number of Ordinary Shares as calculated pursuant to article 15.5(a). Those Preferred Shares shall convert automatically on the date of service of such notice on the Company (unless such notice states that conversion is to be effective on some later date, or when any conditions specified in the notice have been fulfilled, in which case conversion shall take effect on that later date, or when such conditions have been fulfilled, as the case may be).

15.2 Subject to article 15.1, all of the Preferred Shares shall automatically convert into Ordinary Shares:

- (a) on the date of a notice given by the Investor Majority (which date shall be treated as the date of conversion); or
- (b) immediately upon the occurrence of a Qualifying Listing.

15.3 In the case of a conversion pursuant to:

- (a) article 15.1, at least five Business Days after the date of conversion; or
- (b) article 15.2, at least one Business Days before the date of the Qualifying Listing,

each holder of the relevant Preferred Shares converted or to be converted shall deliver the certificate(s) (or an indemnity in a form reasonably satisfactory to the Directors for any lost share certificate) for the Preferred Shares being converted (together with such other evidence (if any) as the Directors may reasonably require to prove good title to those Shares) to the Company at its registered office for the time being.

15.4 Where conversion of any Preferred Share is mandatory on the occurrence of a Qualifying Listing, that conversion shall only be effective immediately before such Qualifying Listing. If such Qualifying Listing does not become effective,

or does not take place, such conversion shall be deemed not to have occurred.

15.5 On conversion pursuant to this article 15:

- (a) each Preferred Share shall (without any further authority than that contained in these Articles) convert into that number of fully paid Ordinary Shares as is determined by dividing the Preferred Shares Original Issue Price by the Preferred Shares Conversion Price in effect at the time of conversion, and the Ordinary Shares resulting from the conversion shall rank *pari passu* in all respects with the existing issued Ordinary Shares; and
- (b) the Company shall, if it has sufficient Available Profits, pay to the holder(s) of the Preferred Shares being converted a dividend equal to all Arrears. If the Company has insufficient Available Profits to pay all such Arrears in full then it shall pay the same to the extent that it is lawfully able to do so and the balance of any such Arrears shall be a debt due of the Company to such parties.

15.6 Forthwith following a conversion pursuant to this article 15, the Company shall enter the holder(s) of the converted Preferred Shares in the register of Shareholders of the Company as the holder(s) of the appropriate number of Ordinary Shares and, subject to the relevant holder of Preferred Shares delivering the relevant share certificate(s) (or indemnity or other evidence) in respect of the Preferred Shares in accordance with article 15.3, the Company shall, within 10 Business Days of conversion, forward a definitive share certificate for the appropriate number of fully paid Ordinary Shares to such holder of converted Preferred Shares, by post to his address as shown in the Company's register of Shareholders, at his own risk and free of charge.

15.7 The Preferred Shares Conversion Price shall from time to time be adjusted in accordance with the provisions of this Article:

- (a) if Preferred Shares remain capable of being converted into new Ordinary Shares and there is a consolidation and/or sub-division of Ordinary Shares, the Preferred Shares Conversion Price shall be adjusted by an amount, which in the opinion of the Board (with Investor Director Consent) is fair and reasonable, to maintain the right to convert so as to ensure that each Preferred Shareholder is in no better or worse position as a result of such consolidation or sub-division, such adjustment to become effective immediately after such consolidation or sub-division;
- (b) if Preferred Shares remain capable of being converted into Ordinary Shares, on an allotment of fully-paid Ordinary Shares pursuant to a capitalisation of profits or reserves to holders of Ordinary Shares the Preferred Shares Conversion Price shall be adjusted by an amount, which in the opinion of the Board (with Investor Director Consent) is fair and reasonable, to maintain the right to convert so as to ensure that each Preferred Shareholder is in no better or worse position as a result of such capitalisation of profits or reserves, such adjustment to become effective as at the record date for such issue.

15.8 If any Preferred Shareholder becomes entitled to fractions of an Ordinary Share as a result of conversion (**Fractional Holders**), the Directors may (in their absolute discretion) deal with these fractions as they think fit on behalf of

the Fractional Holders. In particular, the Directors may aggregate and sell the fractions to a person for the best price reasonably obtainable and distribute the net proceeds of sale in due proportions among the Fractional Holders or may ignore fractions or accrue the benefit of such fractions to the Company rather than the Fractional Holder. For the purposes of completing any such sale of fractions, the Chairman of the Company or, failing him, the secretary will be deemed to have been appointed the Fractional Holder's agent for the purpose of the sale.

- 15.9 If a doubt or dispute arises concerning an adjustment of the Preferred Shares Conversion Price in accordance with article 15.7, or if so requested by an Investor Majority, the Board shall refer the matter to the Auditors for determination who shall make available to all Shareholders their report and whose certificate as to the amount of the adjustment is, in the absence of manifest error, conclusive and binding on all concerned and their costs shall be met by the Company.

## 16. Anti-dilution

- 16.1 If the Company issues any Relevant Securities without consideration or for a consideration per Share which is less than the Issue Price of the Preferred Shares (a **Qualifying Issue**) (which, in the event that the Relevant Securities are not issued for cash, shall be a price certified by the Auditors acting as experts and not as arbitrators as being in their opinion the current cash value of the new consideration for the allotment of the Relevant Securities), the applicable Preferred Shares Conversion Price in effect immediately prior to each such issuance shall be adjusted concurrently with such issuance to a price determined in accordance with article 16.2.

- 16.2 Upon a Qualifying Issue, to the extent applicable, the applicable Preferred Shares Conversion Price shall be adjusted as follows:

$$CP2 = CP1 * (A+B) / (A+C)$$

CP2 = Preferred Shares Conversion Price in effect immediately after new issue

CP1 = Preferred Shares Conversion Price in effect immediately prior to new issue

A = Number of shares of Ordinary Shares deemed to be outstanding immediately prior to new issue (includes all shares of outstanding Ordinary Shares, all shares of outstanding Preferred Shares on an as-converted basis, and all outstanding options on an as-exercised basis; and does not include any convertible securities converting into this round of financing)

B = Aggregate consideration received by the Company with respect to the new issue divided by CP1

C = Number of Relevant Securities issued

- 16.3 In the event of any Issue or Re-organisation, the Preferred Shares Conversion Price shall be adjusted to take account of such Issue or Re-organisation on such basis as may be agreed between the Directors and an Investor Majority

or, failing such agreement within 15 Business Days after (and excluding) the date of such Issue or Re-organisation, as determined by the Independent Expert (at the Company's cost).

- 16.4 If there is a dispute between the Company and any holder for the time being of Preferred Shares as to the operation of this article 16, the matter shall be referred (at the cost of the Company) to the Independent Expert who shall make a determination.
- 16.5 The Independent Expert's determination of any matter under this article 16 shall, in the absence of manifest error, be final and binding on the Company and each of its Shareholders.
- 16.6 In this article 16, **Issue or Re-organisation** means any return of capital, issue of Shares or other securities of the Company by way of capitalisation of profits or reserves (other than a capitalisation issue in substitution for, or as an alternative to, a cash dividend which is made available to the holders of Preferred Shares), any consolidation, sub-division or re-classification or the cancellation of any shares following a repurchase or redemption of Shares (other than Preferred Shares), or any variation in the Issue Price or conversion rate applicable to any other outstanding Shares of the Company.

#### **17. Pre-emption rights on the issue of further shares**

- 17.1 Subject to the remaining provisions of this article 17 and the terms and provisions of the Investment Agreement, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to:
  - (a) offer or allot;
  - (b) grant rights to subscribe for or to convert any security into; and
  - (c) otherwise deal in, or dispose of,any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper.
- 17.2 The authority referred to in article 17.1:
  - (a) shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and
  - (b) may only be exercised for a period of five years from the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Shares to be allotted after the expiry of such authority (and the Directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired).
- 17.3 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 17.4 Subject to article 17.5 if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to the holders (on the date of the offer) of the Equity Shares (each an **Subscriber**) on a pari passu basis (as if they

constituted Shares of the same class) and in the respective proportions that the number of Equity Shares held by each such holder bears to the total number of Equity Shares held by all such holders assuming the conversion of all outstanding Preferred Shares into Ordinary Shares and the exercise of all options outstanding under the Company's share option plans (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person.

- 17.5 Until such time as the Investor has invested an aggregate of US\$12,000,000 (twelve million US dollars) into the Company by subscribing for Shares or otherwise, the Investor shall have the right to subscribe for up to 50% of any allotment of any Relevant Securities made by the Company (**50% Pro Rata Right**); provided, however, that, in the event that in any offering made by the Company the Investor does not exercise its base preemptive right (i.e. subscribes for less than its pro rata proportion of the offering), the 50% Pro Rata Right will terminate and Investor will lose such right and will thereafter only be entitled to subscribe for Relevant Securities in accordance with article 17.4. Upon such time as its total aggregate investment into the Company equals US\$12,000,000 (twelve million US dollars), Investor will no longer have the 50% Pro Rata Right and shall thereafter only be entitled to subscribe for Relevant Securities in accordance with article 17.4. In the event that the Investor utilises its preferential right as set out in article 17.5 the rights of the other Subscribers to subscribe for Relevant Securities will be reduced on a pro rata basis.
- 17.6 An offer made under article 17.4 or 17.5 shall:
- (a) be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
  - (b) remain open for a period of at least 10 Business Days from the date of service of the offer; and
  - (c) stipulate that any Subscriber who wishes to subscribe for a number of Relevant Securities in excess of the number to which he is entitled under article 17.4 shall, in his acceptance, state the number of excess Relevant Securities (**Excess Securities**) for which he wishes to subscribe.
- 17.7 If, on the expiry of an offer made in accordance with articles 17.4 or 17.5, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the Directors shall allot the Relevant Securities to the Subscribers in accordance with their applications, subject to a maximum of each Subscriber's proportionate entitlement.
- 17.8 Any Relevant Securities not accepted by Subscribers pursuant to an offer made in accordance with articles 17.4 or 17.5 shall be used to satisfy any requests for Excess Securities made pursuant to article 17.6(c). If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Equity Shares held by each such applicant bears to the total number of such Equity Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him). After those allotments, any Excess Securities shall, subject to article 17.10, be offered to any other

person(s) as the Directors may, with Investor Consent, determine, at the same price and on the same terms as the offer to the Shareholders.

- 17.9 Any Relevant Securities offered under this article 17 to the Investor may be accepted in full or part only by a Member of the Same Fund Group as that Investor or a Member of the Same Group as the Investor in accordance with the terms of this article 17.
- 17.10 No Shares shall be allotted to any current or prospective employee or director of any Group Company, who in the opinion of the Board is subject to taxation in the United Kingdom unless such person shall first have entered into a joint election with the relevant Group Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

#### **18. Transfers of shares: general**

- 18.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal 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.
- 18.2 Subject to article 19 (which will take precedence), for a period of five years from the Adoption Date (**5 Year Holding Period**) no Shareholder may transfer any Shares in the Company unless (i) such transfer values the Company at a price where Investor would achieve a minimum of a two times cash on cash return on its total equity investment (**Minimum Return Threshold**) if Investor sold such stake at such valuation and (ii) allows Investor to sell its entire equity investment at the Minimum Return Threshold. If the proposed sale of equity does not meet clauses (i) and (ii), then such proposed sale may only proceed if it is approved by Investor in writing; provided, however, that Investor acknowledges and agrees that if such transaction does not result in Investor receiving the Minimum Return Threshold, such Minimum Return Threshold may also be achieved by allocation of consideration from other shareholder(s) to Investor<sup>1</sup> and Investor shall not have the authority to block such transaction. Notwithstanding anything to the contrary, this limitation on selling Shares during the five year period referred to in this article 18.2 will terminate in the event that the Investor has sold all of its Shares pursuant to an Exit.
- 18.3 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to article 18.7, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 18.4 If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.
- 18.5 Any transfer of a Share by way of sale which is required to be made under article 20, article 22 or article 24 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.

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<sup>1</sup> Note to PPV: Proviso was added to conform to term sheet.

18.6 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;
- (b) the transfer is to an Employee, Director or prospective employee or prospective director of the Company, who in the opinion of the Board is subject to taxation in the United Kingdom, and such person has not entered into a joint section 431 Income Tax (Earnings and Pensions) Act 2003 election with the Company;
- (c) it is a transfer of a Share which is not fully paid:
  - (i) to a person of whom the Directors reasonably deem to be a competitor; or
  - (ii) on which Share the Company has a lien;
- (d) the transfer is not lodged at the registered office or at such other place as the Directors may appoint;
- (e) the transfer is not accompanied by the certificate for the Shares to which it relates (or an indemnity for lost certificate in a form acceptable to the Board) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (f) the transfer is in respect of more than one class of Shares;
- (g) the transfer is in favour of more than four transferees; or
- (h) these Articles otherwise provide that such transfer shall not be registered.

If the Directors refuse to register a transfer, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

Notwithstanding anything to the contrary, Article 18.6 shall not apply to a transfer to a Permitted Transferee, which the Directors shall not have the ability to prevent.

18.7 The Directors shall as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company and the Investors agreeing to be bound by the terms of the Investment Agreement (or similar document) in force between any of the Shareholders and the Company, in such 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). If any condition is imposed in accordance with this article 18.7, the transfer may not be registered unless and until that deed has been executed and delivered to the Company's registered office by the transferee.

18.8 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may, and shall if so requested by an Investor Director, require:



- (a) any holder (or the legal representatives of a deceased holder); or
- (b) any person named as a transferee in a transfer lodged for registration; or
- (c) such other person as the Directors or an Investor Director may reasonably believe to have information relevant to that purpose,

to provide the Company with any information and evidence that the Directors think fit regarding any matter which they deem relevant to that purpose.

18.9 If any such information or evidence referred to in article 18.8 is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares of that fact in writing and, if the holder fails to remedy that situation to the reasonable satisfaction of the Directors within five Business Days of receipt of such written notice then:

- (a) the Relevant Shares shall cease to confer on the holder of them any rights:
  - (i) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
  - (ii) to receive dividends or other distributions otherwise attaching to those Shares; or
  - (iii) to participate in any future issue of Shares; and
- (b) The Directors may reinstate the rights referred to in article 18.9(a) at any time and, in any event, such rights shall be reinstated

18.10 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that:

- (a) it does not contain a Minimum Transfer Condition; and
- (b) the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice).

18.11 Any Transfer Notice (but not a Drag Along Notice (as defined in article 24)) served in respect of the transfer of any Share which has not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of a Deemed Transfer Notice.

## 19. Permitted transfers of Shares

19.1 A Shareholder who is not a Permitted Transferee (the **Original Shareholder**) may transfer all or any of his or its Shares to a Permitted Transferee. For the avoidance of doubt, such transfer shall not be subject to the 5 Year Holding Period.

- 19.2 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to:
- (a) the Original Shareholder;
  - (b) any Privileged Relation(s) of the Original Shareholder;
  - (c) subject to article 19.3, the trustee(s) of another Family Trust of which the Original Shareholder is the Settlor; or
  - (d) subject to article 19.3, to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,
- without any price or other restriction.
- 19.3 A transfer of Shares may only be made to the trustee(s) of a Family Trust if (a majority of Directors are satisfied:
- (a) with the terms of the trust instrument and, in particular, with the powers of the trustee(s);
  - (b) with the identity of the proposed trustee(s);
  - (c) the proposed transfer will not result in 50 percent or more of the aggregate of the Company's equity share capital being held by trustees of one trust or related trusts; and
  - (d) that no costs incurred in connection with the setting up or administration of that Family Trust are to be paid by the Company.
- 19.4 If the Original Shareholder is a company, and a Permitted Transfer has been made, the Permitted Transferee shall, within five Business Days of ceasing to be a Member of the Same Group as the Original Shareholder, transfer the Shares held by it to:
- (a) the Original Shareholder; or
  - (b) a Member of the Same Group as the Original Shareholder,
- (which in either case is not in liquidation), without any price or other restriction. If the Permitted Transferee fails to make a transfer in accordance with this article 19.4, a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this article 19.4.
- 19.5 If the Original Shareholder is an Investment Fund (or nominee of such person) and a Permitted Transfer has been made, the Permitted Transferee shall, within five Business Days of ceasing to be a Member of the Same Fund Group as the Original Shareholder, transfer the Shares held by it to:
- (a) the Original Shareholder; or
  - (b) a Member of the Same Fund Group as the Original Shareholder,
- (which in either case is not in liquidation), without any price or other restriction. If the Permitted Transferee fails to make a transfer in accordance with this article 19.5, a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this article 19.5.
- 19.6 If the Original Shareholder is an individual and a Permitted Transfer has been made to a Privileged Relation of the Original Shareholder, the Permitted

Transferee (or the transmittee(s) of any such person), shall within five Business Days of ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of death, divorce or otherwise) either:

- (a) execute and deliver to the Company a transfer of the Shares held by him to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or
- (b) give a Transfer Notice to the Company in accordance with article 20,

failing which a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this article 19.6. This article 19.6 shall not apply to a transmittee of a Permitted Transferee if that transmittee is also a Permitted Transferee of the Original Shareholder, to the extent that such transmittee is legally or beneficially entitled to those Shares.

- 19.7 Notwithstanding any other provision of this article 19, a transfer of any Shares approved by the Directors (acting with Investor Consent) may be made without any price or other restriction and any such transfer shall be registered by the Directors.

## **20. Pre-emption rights on the transfer of Shares**

- 20.1 Except (a) where the provisions of article 19 or article 24 apply or (b) with respect to a Permitted Founder Transfer, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this article 20.
- 20.2 If the Founder, Mr. Meiky Tollman or any other holder of one percent or more of the Ordinary Shares desires to transfer any of its Shares, such shareholder (a **Seller**) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a **Transfer Notice**) to the Company specifying:
- (a) subject to article 18.10(b), the number of Shares he wishes to transfer (**Sale Shares**);
  - (b) the name of the proposed transferee, if any;
  - (c) subject to article 22.5, the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (the **Proposed Sale Price**); and
  - (d) subject to article 18.10(a), whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a **Minimum Transfer Condition**).
- 20.3 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 20.4 The Company shall, subject to article 22, offer the Sale Shares in the following order of priority:
- (a) 50% of the Sale Shares are to be first offered to holders of the Preferred Shares and 50% of the Sale Shares are to be offered to members of the W.G. Group; and
  - (b) secondly to the holders of Ordinary Shares.
- 20.5 If:

- (a) at the end of the thirty-day period following notice, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each First Offer Shareholder who has applied for Sale Shares in equal proportions. 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;
  - (b) not all Sale Shares are allocated following allocations in accordance with article 20.5(a), but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 20.5(b). The procedure set out in this article 20.5(b) shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied (the **First Offer Period**); and
  - (c) at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the First Offer Shareholders in accordance with their applications. The balance (the **Initial Surplus Shares**) shall be dealt with in accordance with article 20.7.
- 20.6 At the end of the First Offer Period, the Directors shall offer the Initial Surplus Shares (if any) to the Second Offer Shareholders (other than the Seller), inviting them to apply in writing within 10 Business Days after the First Offer Period (the **Second Offer Period**) for the maximum number of Initial Surplus Shares they wish to buy.
- 20.7 If:
- (a) at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is equal to or exceeds the number of Initial Surplus Shares, the Directors shall allocate the Initial Surplus Shares to each Second Offer Shareholder who has applied for Initial Surplus Shares in the proportion which his existing holding of Shares of the class held by Second Offer Shareholders bears to the total number of Shares of the class held by all Second Offer Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Initial Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors (acting with Investor Consent)). 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;
  - (b) not all Initial Surplus Shares are allocated following allocations in accordance with article 20.7(a), but there are applications for Initial Surplus Shares that have not been satisfied, the Directors shall allocate the remaining Initial Surplus Shares to such applicants in accordance with the procedure set out in article 20.7(a). The procedure set out in this article 20.7(b) shall apply on any number of consecutive occasions until either all Initial Surplus Shares have been allocated or all applications for Initial Surplus Shares have been satisfied; and

- (c) at the end of the Second Offer Period, the total number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Directors shall allocate the Initial Surplus Shares to the Second Offer Shareholders in accordance with their applications. The balance (the **Second Surplus Shares**) shall be offered to any other person in accordance with article 20.10. .

20.8 Where the Transfer Notice contains a Minimum Transfer Condition:

- (a) any allocation made under article 20.4 to article 20.7 (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition; and
- (b) if the total number of Sale Shares applied for under article 20.4 to article 20.7 (inclusive) is less than the number of Sale Shares, the Board shall notify the Seller and all those Shareholders to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

20.9 Where either:

- (a) the Transfer Notice does not contain a Minimum Transfer Condition; or

- (b) allocations have been made in respect of all the Sale Shares,

the Directors shall, when no further offers or allocations are required to be made under article 20.4 to article 20.7 (inclusive), give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each Shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 10 Business Days, but not more than 15 Business Days, after the date of the Allocation Notice).

20.10 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, transfer the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice.

20.11 If the Seller fails to comply with article 20.10:

- (a) the Chairman (or, failing him, any other Director or some other person nominated by a resolution of the Directors) may, as agent and attorney on behalf of the Seller:
  - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
  - (ii) receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and
  - (iii) (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

- (b) 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 his certificate(s) for the Relevant Shares (or an indemnity, in a form reasonably satisfactory to the Directors, in respect of any lost certificate, together with such other evidence (if any) as the Board may reasonably require to prove good title to those Shares) to the Company.
- 20.12 Where a Transfer Notice lapses pursuant to article 20.8 or an Allocation Notice does not relate to all the Sale Shares, then, subject to article 20.13, the Seller may, at any time during the six months following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares (in the case of a lapsed offer) or the Second Surplus Shares (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this article 20.12 shall continue to be subject to any Minimum Transfer Condition if applicable.
- 20.13 The Seller's right to transfer Shares under articles 20.9 and 20.12 does not apply if the Directors reasonably consider that:
- (a) the transferee is a person (or a nominee for a person) whom the Directors acting properly and reasonably determine to be a competitor (or a Member of the Same Group as a competitor) of the business of any Group Company;
  - (b) 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
  - (c) the Seller has failed or refused to promptly provide information available to him and reasonably requested to enable it to form the opinion referred to in article 20.13(b).

## 21. Valuation

- 21.1 The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Directors (any Director with whom the Seller is connected not voting), and the Seller or, in default of agreement within 10 Business Days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the Board first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share (**Transfer Price**).
- 21.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:
- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
  - (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 Independent Expert reasonably believes should be taken into account.
- 21.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 21.4 The Directors will give the Independent Expert access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.
- 21.5 The parties are entitled to make submissions to the Independent Expert and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.
- 21.6 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 21.7 The Independent Expert shall be requested to determine the Fair Value within 30 Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 21.8 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs

## **22. Compulsory transfers**

- 22.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer notice in respect of that Share at such time as the Directors may determine.
- 22.2 If a Shareholder which is a body corporate either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that Shareholder shall be deemed to have given a Transfer Notice in respect of all Shares held by it at such time as the Directors may determine.
- 22.3 If there is a change in control (as 'control' is defined in section 1124 of the Corporation Tax Act 2010) of any Shareholder which is a company, it shall be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its name (or the name of its nominee(s)) save that, where that Shareholder acquired Shares as a Permitted Transferee of an Original Shareholder, it shall first be permitted to transfer those Shares back to the Original Shareholder from whom it received its Shares or to any

other Permitted Transferee of that Original Shareholder before being required to serve a Transfer Notice.

- 22.4 If an Employee (other than the Founder to whom this regulation will not apply) becomes a Departing Employee a Transfer Notice shall, unless the Directors otherwise direct in writing in respect of any particular Relevant Shares prior to or within 15 Business Days after the relevant Termination Date, be deemed to have been served on the relevant Termination Date in respect of all Relevant Shares (a **Compulsory Employee Transfer**) and any Transfer Notice served in respect of any of such Relevant Shares before the date such Employee becomes a Departing Employee shall automatically lapse.
- 22.5 Notwithstanding any other provisions of these Articles, the Transfer Price in respect of a Compulsory Employee Transfer shall, where the Departing Employee is:
- (a) a Bad Leaver or an Early Leaver, be restricted to a maximum of the lower of the aggregate Issue Price of such Sale Shares and the aggregate Fair Value of such Sale Shares; and
  - (b) a Good Leaver, be the aggregate Fair Value of such Sale Shares.
- 22.6 Notwithstanding the provisions of article 22.5, the Directors may, by notice in writing served on the Company and the relevant Seller(s), direct that some higher (but not lower) Transfer Price shall apply to any or all Sale Shares which would otherwise be subject to article 22.5.
- 22.7 Forthwith upon a Transfer Notice being deemed to be served under article 22 the Relevant Shares (**Restricted Shares**) shall cease to confer on the holder of them any rights:
- (a) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
  - (b) to receive dividends or other distributions otherwise attaching to those Shares; or
  - (c) to participate in any future issue of Shares issued in respect of those Shares.

The Directors may reinstate the rights referred to in article 22.7 at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to article 22 on completion of such transfer.

### 23. Co-sale right

- 23.1 No transfer (other than a Permitted Transfer or a Permitted Founder Transfer) of any Ordinary Shares held by the Founder, Meiky Tollman, and future employees holding greater than one percent (1%) of Ordinary Shares may be made or validly registered unless the relevant Shareholder and any Permitted Transferee of that Shareholder (each a **Selling Shareholder**) shall have observed the following procedures of this Article 23.
- 23.2 After the Selling Shareholder has gone through the pre-emption process set out in article 20, the Selling Shareholder shall give to each holder of Preferred Shares who has not taken up their pre-emptive rights under article 20 (a



**Preferred Holder**) not less than 15 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 Equity Shares which the Selling Shareholder proposes to sell; and
- (e) the address where the counter-notice should be sent.

For the purposes of this article 23, it is acknowledged that Shares of different classes will be transferable at different prices, such price per class of Share being a sum equal to that to which they would be entitled if the consideration payable by the Buyer to the Selling Shareholder were used to determine the valuation of the entire issued share capital of the Company and such valuation was then allocated as between the Shares in accordance with Articles 5 and 6.

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

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

where:

- X is the number of Preferred Shares held by the Preferred Holder.
- Y is (i) the total number of Preferred Shares issued and outstanding at the time of the proposed Co-Sale plus (ii) the number of Equity Shares the Selling Shareholder proposes to sell.
- Z is the number of Equity Shares the Selling Shareholder proposes to sell.

Any Preferred Holder who does not send a counter-notice within such five Business Day period shall be deemed to have specified that they wish to sell no Shares.

- 23.4 Following the expiry of five Business Days from the date the Preferred Holders receive the Co-Sale Notice, the Preferred Holder shall be entitled to sell to the Buyer on the terms notified to the Preferred Holders a number of Shares not exceeding the number specified in the Co-Sale Notice less any Shares which Preferred Holders have indicated they wish to sell, provided that at the same time the Buyer (or another person) purchases from the Preferred Holders the number of Shares they have respectively indicated they wish to sell on terms no less favourable than those obtained by the Selling Shareholder from the Buyer.

23.5 No sale by the Selling Shareholder shall be made pursuant to any Co-Sale Notice more than three months after service of that Co-Sale Notice.

23.6 Sales made in accordance with this article 23 shall not be subject to article 20.

## **24. Drag along**

24.1 In a proposed transaction which is (i) approved by the Board; and (ii) approved by the holders of a majority of the Preferred Shares; and (iii) the holders of a majority of the Ordinary Shares wish to enter into such proposed transaction which is either a Deemed Liquidation Event or a transaction in which more than 50% of the Shares holding a majority of the voting power in the Company is to be transferred then such Shareholders (**Electing Holders**) may issue a notice to the other Shareholders (**Minority Shareholders**) requiring them to sell all of their Shares in the Company with full title guarantee to the Proposed Buyer or agree to enter into the Deemed Liquidation Event (**Drag Along Notice**).

24.2 The approval of the holders of a majority of the Preferred Shares will not be required if the return to the Investor from the proposed transaction is not less than twice the amount of the Issue Price and in such event a Drag Along Notice can be served without the consent of the Investor and without the consent of the majority of the Preferred Shares. In such event the Electing Holders will simply be the holders of a majority of the Equity Shares, voting as a single class.

24.3 The Drag Along Notice must specify:

- (a) the name and address of the proposed buyer (**Proposed Buyer**);
- (b) the price per share, the terms of payment and other material terms of the Proposed Buyer's offer; and
- (c) the terms of the Deemed Liquidation Event (if relevant)

24.4 The terms of the Drag Along sale must be the same for all Minority Shareholders and no less favourable than the terms on which the proposed buyer is to acquire the shares of the Electing Holders.

24.5 Subject to articles 22.2 and 22.3, upon service of a Drag Along Notice, each Minority Shareholder will sell the whole of its interest in the Shares of the Company specified in the Drag Along Notice to the Proposed Buyer on the terms set out in the Drag Along Notice.

24.6 Each Minority Shareholder shall deliver:

- (a) duly executed stock transfer form(s) for its Shares in favour of the Proposed Buyer;
- (b) the relevant share certificate(s) (or a duly executed indemnity for lost certificate in a form acceptable to the Board) to the Company; and
- (c) duly executed form of sale agreement or form of acceptance or any other document of similar effect that the Minority Shareholders are required to sign in connection with such sale or as otherwise specified by the Company,

24.7 The obligation to sell the Shares pursuant to article 24.5 will lapse if the sale is not completed within 90 days of the service of the Drag Along Notice.

24.8 If, for any reason, any Minority Shareholder does not, on the proposed date of completion of the sale of the Shares specified in the Drag Along Notice,

execute a transfer or transfers in respect of all of the Shares held by it, that defaulting Minority Shareholder will be deemed to have irrevocably appointed any person nominated in writing by the Electing Holders to be the defaulting Minority Shareholder's agent and attorney, to execute a transfer or transfers on its behalf against receipt by the Company of the consideration payable for its shares in the Company (on trust for the defaulting Minority Shareholder), to deliver such transfer or transfers to the proposed buyer (or as it may direct) as holder and to take all such other steps as may be necessary to transfer the defaulting Minority Shareholder's shares to the proposed buyer with full title guarantee. After the Proposed Buyer (or its nominee) has been registered as the holder of the defaulting Minority Shareholder's shares, the validity of such proceedings may not be questioned by any person. A failure to produce a share certificate will not impede the registration of the transfer of the shares under this article 24.

- 24.9 The Minority Shareholders will only be required to enter into a transaction pursuant to this article 24 if the liability of each Minority Shareholder in such Transaction is several (and not joint) and does not exceed such member's pro rata portion of any claim and the consideration to be paid to the Shareholders in such transaction will be distributed to the Shareholders in accordance with article 12. Additionally, unless a Minority Shareholder is an Employee, no Minority Shareholders shall be required to give any representations and warranties other than the representations relating to title to the Shares and due authority to execute the definitive agreement.

## **DECISION-MAKING BY SHAREHOLDERS**

### **25. General meetings**

- 25.1 No business other than, subject to article 25.2, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 25.2 The Chairman shall chair general meetings. If there is no Chairman in office for the time being, or the Chairman is unable to attend any general meeting, the Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

### **26. Voting**

- 26.1 Subject to any other provisions in these Articles concerning voting rights, each Share in the Company shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company.
- 26.2 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 26.3 Model article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that model article.
- 26.4 Model article 45(1) shall be amended by:

- (a) the deletion of model article 45(1)(d) and its replacement with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"; and
- (b) the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that model article.

## 27. Purchase of own shares

- 27.1 Subject to the Act but without prejudice to any other provision of these Articles (including, without limitation, article 13.2(e)), the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a Financial Year not exceeding the lower of:
- (a) £15,000; and
  - (b) the nominal value of 5% of the Company's fully paid share capital at the beginning of each Financial Year.
- 27.2 Subject to the remaining provisions of this article 27, on a purchase of Shares in accordance with Chapter 4 of Part 18 of the Act, the Company may:
- (a) hold the Shares (or any of them) in treasury;
  - (b) deal with any of the Shares, at any time, in accordance with section 727; or
  - (c) cancel any of the Shares, at any time, in accordance with section 729 of the Act.
- 27.3 The provisions of articles 16.4 to 16.11 (inclusive) shall apply to a sale or transfer of Shares held in treasury pursuant to article 27.2(b) save that, for the purposes of this article 27.3:
- (a) reference in article 16 to an allotment shall include the sale or transfer of Shares; and
  - (b) reference in the definition of "Relevant Securities" to Shares "issued after the Adoption Date" shall include Shares to be sold or transferred by the Company,

that immediately before the sale or transfer were, in each case, held by the Company as treasury shares

## 28. Company's Lien over Shares

- 28.1 The Company has a lien (the **Company's Lien**) over every Share which is registered in the name of a person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.

28.2 The Company's Lien over a share:

- (a) takes priority over any third party's interest in that Share; and
- (b) extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share.

The Directors may at any time decide that a Share which is or would otherwise be subject to the Company's Lien shall not be subject to it, either wholly or in part.

## **29. Enforcement of the Company's Lien**

29.1 Subject to the provisions of this article 29, if:

- (a) a Lien Enforcement Notice has been given in respect of a Share; and
- (b) the person to whom the notice was given has failed to comply with it,

the Company may sell that Share in such manner as the Directors decide.

29.2 A Lien Enforcement Notice:

- (a) may only be given in respect of a Share which is subject to the Company's Lien and in respect of a sum payable to the Company for which the due date for payment has passed;
- (b) must specify the Share concerned;
- (c) must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- (d) must be addressed either to the holder of the Share or to a transmittee of that holder; and
- (e) must state the Company's intention to sell the Share if the notice is not complied with.

29.3 Where Shares are sold under this article 29:

- (a) the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser; and
- (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.

29.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the Company's Lien) must be applied:

- (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and
- (b) second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a

form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the Shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.

A statutory declaration by a Director or the Company secretary that the declarant is a Director or the Company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:

- (c) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
- (d) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

## **ADMINISTRATIVE ARRANGEMENTS**

### **30. Means of communication to be used**

- 30.1 Subject to article 30.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
  - (b) if sent by fax, at the time of transmission; or
  - (c) if sent by pre-paid first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
  - (d) if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
  - (e) if sent or supplied by email, one hour after the notice, document or information was sent or supplied (unless an automatic reply is received); or
  - (f) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
  - (g) if deemed receipt under the previous paragraphs of this article 30.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.
- 30.2 To prove service, it is sufficient to prove that:
- (a) if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or

- (b) if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
  - (c) if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
  - (d) if sent by email, the notice was properly addressed and sent to the email address of the recipient.
- 30.3 A Transfer Notice (or Deemed Transfer Notice) may not be served or delivered in electronic form (other than by fax), or by means of a website.
- 30.4 In proving that any notice, document or information was properly addressed, it will suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.

### 31. Indemnity and insurance

- 31.1 Subject to article 31.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:
- (a) each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer in the actual or purported execution and/or discharge of his duties, or in relation thereto
  - (b) including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which 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 in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or other Group Company's) affairs; and
  - (c) the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 31.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.
- 31.2 This article 31 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 31.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.
- 31.4 In this article 31:
- (a) **Relevant Loss** means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company (or other Group Company) or any pension fund or employees' share scheme of the Company (or other Group Company); and
  - (b) **Relevant Officer** means any director or other officer or former director or other officer of any Group Company, but excluding in

each case any person engaged by a Group Company as auditor  
(whether or not he is also a director