

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

KWALEE LTD (COMPANY REGISTRATION NUMBER: 07648078) (THE "COMPANY")

(Adopted by special resolution passed on 9<sup>th</sup> March 2021)

## Introduction

### 1. Interpretation

#### 1.1 In these Articles, unless the context otherwise requires:

Act: means the Companies Act 2006;

appointor: has the meaning given in article 11.1;

Articles: means the Company's articles of association for the time being in force;

"Bad Leaver" means a person who:

- (a) ceases to be an employee as a consequence of that person's dismissal as an employee for cause, where "cause" shall mean:
  - (i) the lawful termination of that person's contract of employment without notice or payment in lieu of notice as a consequence of that person's misconduct or as otherwise permitted pursuant to the terms of that person's contract of employment; 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;
- (b) has ceased to be an employee and subsequently:
  - (i) is found to be in breach of any obligations of confidentiality of any restrictive covenants applicable to that person under his or her contract of employment; and/or
  - (ii) the directors become aware of facts or circumstances relating to such person that occurred whilst he or she was an employee and, after reasonable enquiry, the directors determine that it would have been lawfully entitled to summarily terminate that person's contract of employment without notice of payment in lieu of notice as a consequence of that person's misconduct;

business day: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;

call: has the meaning given in article 27.1;

call notice: has the meaning given in article 27.1;

company's lien: has the meaning given in article 25.1;

Compulsory Acquisition Notice: is a notice by the Minority Seller (as defined in article 16.2) to the Company that it requires the Company to serve a Minority Buy Back Notice if the Company's directors consider it able to do so in the manner described in article 16.4;

Conflict: has the meaning given in article 7.1;

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);

Family Relation: (i) the Majority Shareholder's spouse, civil partner, widow or widower; (ii) the Majority Shareholder's father, mother, brother or sister; (iii) the spouse, civil partner, widow or widower of the Majority Shareholder's brother or sister; (iv) the Majority Shareholder's children (including step and adopted children) and the children (including step and adopted children) of the Majority Shareholder's children (including step and adopted children); (v) the children (including step and adopted children) of any of the persons referred to in (ii) and (iii) above;

Family Trust: a trust or settlement set up wholly for the benefit of the Majority Shareholder and/or the Family Relations;

lien enforcement notice: has the meaning given in article 26.2;

Majority Shareholder: means a shareholder who in his own right holds more than fifty per cent of the issued share capital of the Company;

Minority Sale Price: means the price calculated in accordance with article 19.1;

Minority Shareholder: means a shareholder who holds equal to or less than twenty per cent of the issued share capital of the Company;

Model Articles: means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles;

Permitted Transfer: a transfer of shares in the share capital of the Company in accordance with article 24;

Permitted Transferee: to any of the Family Relations, Family Trusts or to the trustees of those Family Trusts; and

Valuers: means the auditors for the time being of the Company (acting as an expert and not as an arbitrator).

- 1.2 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.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.

- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
- (a) any subordinate legislation from time to time made under it; and
  - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles.
- 1.8 Articles 7, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 21, 24(2)(c), 42, 44, 52 and 53 of the Model Articles shall not apply to the Company.
- 1.9 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors)" before the words "properly incur".
- 1.10 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1.11 Article 26(1) of the Model Articles shall be amended by the insertion of the words "and, unless the share is fully paid, the transferee" at the end of the article.
- 1.12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.13 Article 29 of the Model Articles 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".
- 1.14 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"
- 1.15 Article 36 of the Model Articles shall be amended by the insertion of the words "or in or towards paying up any amounts unpaid on existing shares held by the person entitled." at the end of Article 36(4).

## Directors

2. Directors to take decisions collectively
- 2.1 The general rule about decision making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8 of the Model Articles.
- 2.2 If:-
- (a) the Company only has one director for the time being; and
  - (b) no provision of the articles requires it to have more than one director,

the general rule does not apply and the director may (for so long as he remains the sole director) take decisions without regard to any of the provisions of the articles relating to directors' decision making.

3. Calling a directors' meeting

- 3.1 Any director may call a directors' meeting by giving not less than 3 business days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.

4. Quorum for directors' meetings

- 4.1 Subject to article 4.2, the quorum for the transaction of business at a meeting of directors is any two eligible directors.

- 4.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a director's conflict, 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.

- 4.3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:

- (a) to appoint further directors; or
- (b) to call a general meeting so as to enable the shareholders to appoint further directors.

5. Casting vote

- 5.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote.

6. 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 Acts, a director who is in any way, whether directly or indirectly, interested (whether through persons connected with him as defined in section 252 of the Act or otherwise) in any contract, transaction or arrangement (whether or not constituting a contract), whether existing or proposed, with the Company or in which the Company is otherwise (directly or indirectly) interested):-

- (a) may be a party to, or otherwise (directly or indirectly) interested in, any such contract, transaction or arrangement (whether existing or proposed) 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 or decision of the directors (or committee of directors) in respect of such contract or proposed contract, transaction or arrangement (whether existing or proposed) in which he may be a party to, or otherwise (directly or indirectly) interested in;
- (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 contract, transaction or arrangement (whether existing or proposed) in which he may be a party to, or otherwise (directly or indirectly) interested in;

- (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 contract, transaction or arrangement with, or otherwise (directly or indirectly) 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 (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, 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.

## 7. Directors' conflicts of interest

7.1 The directors may, in accordance with the requirements set out in this article, 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").

7.2 Any authorisation under this article 7 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 or any other 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 and any other interested director's vote had not been counted.

7.3 Any authorisation of a Conflict under this article 7 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.

7.4 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.

7.5 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.

7.6 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 or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be Liable to be avoided on such grounds.

## 8. Records of decisions to be kept

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.

## 9. Number of directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum and the minimum number of directors shall be one.

## 10. Appointment and removal of directors

10.1 In any case where, as a result of death or bankruptcy, the Company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

10.2 In addition to those events set out at articles 18(a) to (f) of the Model Articles:-

- (a) the appointment of a director shall be terminated if he becomes incapable by reason of illness or injury of managing and administering his property and affairs; and
- (b) the directors may terminate a directors' appointment as soon as that person has for a period of at least six consecutive months failed to attend meetings of the board of directors without the consent of the other directors.

## 11. Appointment and removal of alternate directors

11.1 Any director ("appointor") may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

11.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.

11.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

## 12. Rights and responsibilities of alternate directors

12.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

12.2 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointors; and
- (d) are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

12.3 A person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
- (b) may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and
- (c) shall not be counted as more than one director for the purposes of articles 12.3(a) and (b).

12.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.

12.5 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as his appointor but shall not be entitled to receive any remuneration from the

Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

13. Termination of alternate directorship

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- (c) on the death of the alternate's appointor; or
- (d) when the alternate's appointor's appointment as a director terminates.

14. Borrowing powers

- 14.1 The directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to section 551 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

15. 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.

Share Capital

16. Transfer of shares by minorities

- 16.1 No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any share or any interest in any share in the capital of the Company, except as permitted by the provisions of articles 16, 21, 22, 23 or 24 or with the prior written consent of the Majority Shareholder.

16.2 Save where either:

- (a) the prior written consent of the Majority Shareholder has been obtained to the sale or transfer; or
- (b) articles 21, 22, 23 or 24 apply,

a Shareholder ("Minority Seller") wishing to transfer shares in the capital of the Company ("Minority Sale Shares") shall give notice in writing ("Minority Transfer Notice") to the Company specifying the details of the proposed transfer, including the number of Minority Sale Shares comprised within the Minority Transfer Notice, and the identity of the proposed buyer(s) and, if the Minority Seller is so permitted and so desires, a Compulsory Acquisition Notice. The Minority Sale Shares subject to a Minority Transfer Notice shall only be transferred at the Minority



Sale Price. A Minority Seller may only include a Compulsory Acquisition Notice with a Minority Transfer Notice if it relates to equal to or less than 2.5% of the issued share capital of the Company for the time being and that Minority Seller has neither served a Compulsory Acquisition Notice in respect of more than 2.5% of the issued share capital of the Company for the time being in the twelve months prior to the date of the notice nor served a Compulsory Acquisition Notice in respect of more than 5% of the issued share capital of the Company for the time being in aggregate at any time.

- 16.3 The Minority Transfer Notice shall constitute the Company (by the board of directors) as agent for the transfer of the Minority Sale Shares. A Minority Transfer Notice once either given or required to be given shall be irrevocable, unless the Majority Shareholder consents to the withdrawal of the Minority Transfer Notice.
- 16.4 On any occasion when a Minority Transfer Notice is served or deemed to have been served, the Company may (and if the Minority Seller has served a Compulsory Acquisition Notice on the Company, where the Company in the Company directors' absolute discretion believes the Company has sufficient readily available cash resources, taking into account amongst other things the Company's objectives, cash flow forecasts and all the Company's payment obligations, to comfortably fund the buy-back, the Company shall in respect of all those Minority Sale Shares that are the subject of the Compulsory Acquisition Notice) within 60 days of the date of such Minority Transfer Notice serve a notice on the Minority Seller requiring the Minority Seller to offer to sell and transfer to the Company all or some of the Minority Sale Shares ("a Minority Buy Back Notice"). The Company shall also present a copy of such Minority Buy Back Notice to each of the other shareholders at the same time as giving the Minority Buy Back Notice to the Minority Seller. The shareholders (including the Minority Seller) agree that, upon receipt of either the Minority Buy Back Notice or a copy (as applicable) under this article 16.4, each of them shall from time to time as requested, but subject to the Conditions, exercise such rights and do such things as they shall from time to time have the right to exercise and do whether as shareholders or directors so as so procure that the Company and the Minority Seller purchase and sell the Minority Sale Shares specified pursuant to the Minority Buy Back Notice. This requires the said shareholders, without limitation, to waive any rights they may have under the Companies Act 2006 or the articles of association to be offered the Minority Sale Shares before the Company. In this article, "the Conditions" are the requirements of the Companies Acts (as applicable at the time in question) and these articles. The Company may specify in the Minority Buy Back Notice that it wishes to acquire the Minority Sale Shares in one or more tranches over a period of up to 36 months from the serving of the Minority Buy Back Notice.
- 16.5 Once served, a Minority Buy Back Notice shall be irrevocable and the Minority Seller will be bound to complete the sale of such number of the Minority Sale Shares specified in the Minority Buy Back Notice that are held by the Minority Seller in the tranches and on the dates specified in the Minority Buy Back Notice unless:-
- (a) the Minority Seller and the Majority Shareholder agree otherwise and the Majority Shareholder notifies the Company of that agreement; or
  - (b) the Company is prevented by the terms of any contract, agreement or arrangement with its bankers or another party, being a person with whom the Company has negotiated on commercial terms at arm's length, from purchasing such number of the Minority Sale Shares specified in the Minority Buy Back Notice pursuant to the Minority Buy Back Notice (including, without limitation, being prevented from financing the Minority Sale Price); or
  - (c) the Company is unable or properly anticipates that it will be unable to pay the Minority Sale Price by reason of being unable to comply with the requirements of the Companies Acts (as applicable at the time in question) and these articles.

The buy-back shall be completed as soon as reasonably practicable in the tranches and on the dates specified in the Minority Buy Back Notice at a time and place to be appointed by the directors, when against payment of the Minority Sale Price, the Minority Seller shall deliver such signed contracts as the Company shall reasonably require together with the share certificates in respect of the relevant Minority Sale Shares for cancellation.

- 16.6 If any of the sub-paragraphs of article 16.5 applies, the Minority Buy Back Notice (even if it related to a Minority Transfer Notice that contained a Compulsory Acquisition Notice) shall be deemed to have been revoked by the Company on the date the board of directors resolves that any of the sub-paragraphs of article 16.5 apply and no further steps pursuant to this article 16 need be taken in relation to such Minority Buy Back Notice. Section 735 of the Companies Act 2006 ("Company not liable in damages in respect of a failure on its part to redeem or purchase any of the shares") shall apply to a deemed revocation by the Company under this article.
- 16.7 If a Minority Buy Back Notice having been given by the Company is deemed revoked under article 16.6, article 16.8 shall then apply.
- 16.8 If either:-
- (a) the Company does not serve a Minority Buy Back Notice under article 16.4 within the time prescribed under that article 16.4, then within 14 days of the end of the period in which such notice could have been served; or
  - (b) the Company does serve a Minority Buy Back Notice under article 16.4, but notifies the Minority Seller in writing that such Minority Buy Back Notice shall not apply to all the Minority Sale Shares, then within the 14 days following notification; or
  - (c) the Company notifies the Minority Seller in writing that it will not be serving a Minority Buy Back Notice at all, then within the 14 days following such notification; or
  - (d) a Minority Buy Back Notice having been given is then deemed revoked under article 16.6, then within 14 days of the deemed revocation of a Minority Buy Back Notice under article 16.6,

the Minority Sale Shares (or remaining Minority Sale Shares not being bought pursuant to the Minority Buy Back Notice) shall be offered by the Company in writing for purchase at the Minority Sale Price. Such offer shall be made first to the shareholder who holds the highest number of voting shares in the share capital of the Company on the date of the Minority Transfer Notice in accordance with article 16.9. Only to the extent any of the Minority Sale Shares are not taken up by that shareholder shall the Minority Sale Shares then remaining be offered to the shareholder who holds the second highest number of voting shares in the share capital of the Company on the date of the Minority Transfer Notice in accordance with article 16.9. Only then to the extent any of the remaining Minority Sale Shares are not taken up by that shareholder, the remaining Minority Sale Shares shall be offered to the remaining shareholder who holds the third highest number of voting shares in the share capital of the Company on the date of the Minority Transfer Notice in a similar fashion, and then any remaining Minority Sale Shares to the shareholder who holds the fourth highest number of voting shares, then the fifth, sixth etc. in like manner. Each such offer shall specify the time of 10 business days within which it must be accepted failing which it will lapse. If the board of directors so resolve the Company may make any or all of these offers to the shareholders simultaneously ("Simultaneous Offers") provided it is made clear in such offers that the offer made to those shareholders is conditional and only available for acceptance if the shareholders who hold a greater number of shares in the share capital of the Company than those shareholders decline all or some of the shares similarly offered to them (the "Declined Shares") and hence the offer those shareholders can accept only relates to the Declined Shares.

- 16.9 Within 10 business days of the offer (or conditional offer) to acquire the Minority Sale Shares the shareholder offered the shares shall be entitled (but not obliged) to give notice in writing ("Voting Acceptance") to the Company stating that he wishes to purchase some or all of the Minority Sale Shares at the Minority Sale Price. If Simultaneous Offers are made and hence offers are conditional ones any Voting Acceptance would be subject to the fulfilment of the conditions of the offer and can only be in relation to the Declined Shares. The shareholder may specify in the Voting Acceptance the number of Minority Sale Shares he wishes to acquire and that he wishes to pay the Minority Sale Price to the Minority Seller in equal monthly instalments over a period of up to 36 months from completion.
- 16.10 In relation to any Minority Sale Shares not accepted by shareholders under articles 16.8 and 16.9):-
- (a) the Minority Seller shall be entitled to transfer those Minority Sale Shares to the third party buyer identified in the Minority Transfer Notice at the Minority Sale Price; and
  - (b) the directors may, as a condition to the registration of any transfer of shares to any buyer of Minority Sale Shares require that buyer to enter into a deed agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the Majority Shareholder may reasonably require (but not so as to oblige the buyer to have any obligations or liabilities greater than those of the Minority Seller).
17. Events of default
- 17.1 A Minority Shareholder is deemed to have served a Minority Transfer Notice under article 16.2 immediately before any of the following events of default (save in the case of article 17.1(a) when it shall be deemed served ten business days after the date of the grant of probate and in the case of article 17.1(c) or article 17.1(d) when it shall be deemed served on such date as determined by the directors and where no such date is determined, it shall be deemed served no later than the date that is twelve months following the relevant event):
- (a) subject to article 24.5, his death; or
  - (b) a bankruptcy order being made against him, or an arrangement or composition being made with his creditors, or where he otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors; or
  - (c) he ceases to be an employee of the Company (other than due to his death (where article 17.1(a) shall apply)); or
  - (d) on him being issued shares in the share capital of the Company after ceasing to be an employee of the Company following him (or his personal representatives) exercising an option over shares in the share capital of the Company; or
  - (e) he fails to remedy a material breach by him of any obligation under any shareholders' agreement (or similar document) in force between the shareholders within 20 business days of notice to remedy the breach being served by the Majority Shareholder; or
  - (f) the tenth business day after the Majority Shareholder gave the Minority Shareholder notice that he requires him to enter into a new investment agreement or new shareholders' agreement on such terms approved by the Majority Shareholder and that Minority Shareholder fails to do so provided such new investment agreement or shareholders' agreement does not require that Minority Shareholder to enter into provisions that would alter the rights, obligations and liabilities that the Minority

Shareholder has under any existing shareholders' agreement (or similar document) in force and applicable to him (unless the Majority Shareholder is also bound by such provisions in a like manner); or

- (g) on either him failing to comply with article 24.4 or his personal representatives failing to comply with article 24.6.

17.2 The deemed Minority Transfer Notice has the same effect as a Minority Transfer Notice and applies to all the shares in the share capital of the Company held by that Minority Shareholder, except that the deemed Minority Transfer Notice takes effect on the basis that it does not identify a proposed buyer.

## 18. Completion of share purchase

18.1 If where the directors shall find either the Company or shareholders (each such person being a "shareholder Purchaser") to purchase the shares or any of them as contemplated by article 16 and give notice in writing thereof to the Minority Seller, the Minority Seller shall be bound to transfer such of the shares to the respective shareholder Purchasers upon payment of the Minority Sale Price (or the first instalment of the Minority Sale Price where a shareholder is the shareholder Purchaser and is exercising his rights under article 16.9 to pay the Minority Sale Price in instalments). Where the Company is paying in instalments and the Minority Sale Shares are being bought back by the Company then the obligation to transfer the shares to the Company only arises upon payment of the relevant instalment of the Minority Sale Price in respect of the Minority Sale Shares being bought back at that time. Every such notice from the directors shall state the name and address of the shareholder Purchaser concerned and the number of shares agreed to be purchased by him at that time. The purchase shall be completed as soon as reasonably practicable at a place and time to be appointed by the directors. The rights set out in this article 18 shall be exercisable by shareholders against the personal representatives of another shareholder who has died and the obligation to transfer the deceased's shares shall arise and be binding.

18.2 At completion of the sale and purchase of shares under this article 18:-

- (a) the relevant Minority Seller shall deliver, or procure that there is delivered to the relevant shareholder Purchaser, either a buy back contract or a duly completed stock transfer form transferring the legal and beneficial ownership of the relevant shares to him (as relevant), together with the relevant share certificate(s) (or an indemnity in lieu thereof) and such other documents as the shareholder Purchaser or the Company may reasonably require to show good title to the shares, or to enable the shares to be bought and him to be registered as the holder of the shares (if applicable); and
- (b) each relevant shareholder Purchaser shall deliver or procure that there is delivered to the relevant Minority Seller a bankers' draft made payable to the relevant Minority Seller or to his order for the Minority Sale Price (or the first instalment only as applicable) for the shares being transferred to him (or such other method of payment agreed).

18.3 If a Minority Seller, after having become bound to transfer any shares to the shareholder Purchaser, shall make default in so doing or shall fail to deliver share certificates in respect thereof, the directors may authorise some person to execute and deliver on his behalf any necessary transfer, contract or instrument in favour of the shareholder Purchaser and shall receive the purchase money and shall thereupon (subject to the transfer being duly stamped where so required) in the case of a buy back cause the relevant shares to be cancelled and in any other case cause the name of the shareholder Purchaser to be entered into the register of members as the holder of the relevant shares. The Company shall hold the purchase money in trust for the Minority Seller but shall not be bound to earn or pay interest thereon. The receipt of

the Company for the purchase money shall be a good discharge to the Company itself (in the case of a buy back) and the shareholder Purchaser in any other case who shall not be bound to see to the application thereof and after either such cancellation in the case of a buy back and the name of the shareholder Purchaser has been entered in the register of members in any other case in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person.

- 18.4 Where a purchaser or purchasers shall have been found and through no default of the Minority Seller any purchase is not duly completed, the directors shall forthwith notify the purchaser or purchasers (as the case may be) and if within 7 days of such notice being given, the purchaser or purchasers between them shall not have duly completed the purchase of the shares in respect of which there has been default in completion, the Minority Seller shall be deemed to have served a further Minority Transfer Notice in respect of such shares and the procedure contained in article 16 shall be repeated in respect of them.
- 18.5 In any transfer of shares pursuant to a Minority Transfer Notice the holder of the shares shall be deemed to sell with full title guarantee.
19. Minority Sale Price
- 19.1 The Minority Sale Price for any Minority Sale Share shall be, unless article 19.6 applies, the price per share determined in writing by the Valuers on the following bases and assumptions:
- (a) the value of each Minority Sale Share in question is that proportion of the total value of the entire issued share capital of the Company as at the date the Minority Transfer Notice is served (or deemed served) that the Minority Sale Share bears to the total issued share capital of the Company as at the date the Minority Transfer Notice is served (or deemed served) (with no premium or discount being attributable to the size of the shareholding being sold);
  - (b) the value is determined on the date the Minority Transfer Notice is served (or deemed served) irrespective of whether either the relevant Minority Sale Shares are acquired in one or more tranches over a period of up to 36 months from the serving of the Minority Transfer Notice or the Minority Sale Price is itself to be paid over a period of up to 36 months from completion; and
  - (c) the total value of all the issued shares in the capital of the Company as at the date the Minority Transfer Notice is served (or deemed served) is eight times Net Profit After Tax as shown in the last set of statutory accounts for the Company that has been filed at Companies House on the date the Minority Transfer Notice is served (or deemed served).
- 19.2 For the purposes of article 19.1, Net Profit After Tax shall be the net profit after tax figure shown in the relevant accounts but excluding all extraordinary and exceptional income and expenditure identified as such by the Valuers.
- 19.3 At the Majority Shareholder's absolute discretion, he may substitute a higher price to be the Minority Sale Price for the Minority Sale Shares in excess of that determined by the Valuers in accordance with the earlier provisions of this article 19 (save where article 16.10(a) applies).
- 19.4 Minority Sale Shares shall only be bought back by the Company as the corresponding payment of the Minority Sale Price applicable to those Minority Sale Shares being bought back is paid. If any Minority Sale Shares are scheduled to be bought back more than 15 months after the issuing of the Minority Buy Back Notice (the "Delayed Acquisitions") then Interest shall be paid by the Company to the relevant Minority Seller on the Minority Sale Price payable on completion of the

Delayed Acquisitions and added to the price paid for the relevant Minority Sale Shares. The Interest shall equate to one per cent above the base rate of Barclays Bank plc per annum and shall be paid less any deductions or withholdings required to be made by law and accrue from the date the Minority Buy Back Notice was served until the date of completion of the relevant Delayed Acquisition. Should any Delayed Acquisition not complete because of one or more of the circumstances described in any of the sub-articles of article 16.5 or otherwise, no Interest shall be payable and all and any rights of the Minority Seller to such Interest shall lapse.

- 19.5 Should any shareholder Purchaser who is a Shareholder have elected to pay the Minority Sale Price in equal monthly instalments over a period of up to 36 months from completion, all the Minority Sale Shares being acquired shall be transferred on payment of the first instalment of the Minority Sale Price. However, Interest shall be paid by that shareholder Purchaser purchasing the Minority Sale Shares to the Minority Seller on any instalments payable 15 months after the first instalment is paid. The Interest shall equate to one per cent per annum above the base rate of Barclays Bank plc per annum and shall be paid less any deductions or withholdings required to be made by law and accrue from the date of the relevant Voting Acceptance as defined in article 16.9 to the date of payment of the relevant instalment of the Minority Sale Price.
- 19.6 In the event a Minority Shareholder ceases to be an employee and is a Bad Leaver or is subsequently determined by the directors to be Bad Leaver, the Minority Sale Price for any Minority Sale Share shall be equal to the lower of (i) the issue price credited as paid up for such Minority Sale Share and (ii) the value determined in accordance with article 19.1.
20. Issue of further shares
- 20.1 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.
- 20.2 Unless otherwise agreed by either special resolution or otherwise, if the Company proposes to allot any equity securities (other than the issuing after the date of adoption of these Articles of up to 20,000 further ordinary shares of 1 pence each in the share capital of the Company (in aggregate) pursuant to options granted whether before or after the date of adoption of these Articles to employees of the Company over such shares subject to the terms of the Company's employee share option scheme adopted from time to time, those equity securities shall not be allotted to any person unless the Company has first offered to issue to each shareholder by giving written notice to each respective shareholder, that proportion of the shares proposed to be issued which the number of ordinary shares held by that shareholder bears to the total number of ordinary shares in issue at the time the Company gives its notice. Such offer shall state the number of shares to be issued and the price of the shares to be issued.
- 20.3 Each Minority Shareholder may accept the offer by giving notice to the Company, at any time within 10 business days following the Company's notice, accompanied by a banker's draft made payable to the Company in respect of full payment for the shares to be subscribed for. Shareholders who are not Minority Shareholders may accept the offer by giving notice to the Company, at any time within 14 business days following the Company's notice, accompanied by a banker's draft made payable to the Company in respect of full payment for the shares to be subscribed for. Any shares referred to in the Company's offer, for which the Shareholders do not subscribe, may be issued by the Company as it thinks fit, provided that any such issue is completed within 30 business days after the Company's notice of the offer and are subscribed for at the same subscription price as were offered to the Shareholders.
- 20.4 The directors may, as a condition to the issue of any shares in the Company, require the subscribers thereto to enter into a deed agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the Majority Shareholder may reasonably require.

20.5 Subject to Articles 20.2-20.4 and to section 551 of the Act, any equity securities shall be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.

21. Drag Along: Sale

21.1 If the holders of at least 51% of the issued ordinary shares in the share capital of the Company for the time being that would give to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010 (together the "Selling Shareholders") wish to transfer on arm's length terms all their interest in such number of ordinary shares in the share capital of the Company to any bona fide arm's length person that would give to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010 ("Third Party Purchaser") the Selling Shareholders shall have the option (the "Drag Along Option") to require all the other holders of shares in the Company, to transfer all the shares held by them to the Third Party Purchaser or as the Third Party Purchaser directs in accordance with this article 21.

21.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a "Drag Along Notice") to all other holders of shares (the "Dragged Shareholders") at any time before the transfer of their shares. A Drag Along Notice shall specify that the Dragged Shareholders are required to transfer all their shares (the "Dragged Shares") pursuant to article 21.1 at the same price per share at which the Selling Shareholders' shares are to be transferred (calculated in accordance with article 21.4) and the proposed date of transfer.

21.3 A Drag Along Notice is irrevocable but the Drag Along Notice and all obligations thereunder will lapse if for any reason the Selling Shareholders do not transfer their shares to the Third Party Purchaser within 60 business days after the date of the Drag Along Notice.

21.4 A Drag Along Notice will require each Dragged Shareholder to sell his shares at the price per share at and for the form of consideration and on the same terms (including, but without limitation, giving the same warranties and indemnities and confidentiality obligations) which the relevant transfer of each of the Selling Shareholders' shares referred to in article 21.1 takes place.

21.5 Completion of the sale of the Dragged Shares under this article shall take place on the same date as the date proposed for completion of the sale of the Selling Shareholders' shares unless:-

- (a) all of Dragged Shareholders and the Selling Shareholders agree otherwise; or
- (b) that date is less than 3 business days after the Drag Along Notice, where it shall be deferred until the fourth business day after the Drag Along Notice.

On completion the Dragged Shareholders shall deliver a duly executed transfer of shares together with the relevant share certificate(s) for those shares (or an indemnity in lieu thereof) and such other documents as the Selling Shareholders may reasonably require.

21.6 As security for the performance of their obligations under this article 21, the Dragged Shareholders hereby irrevocably appoint such person whom the directors may authorise for the purpose of doing any act or executing any document required to give effect to this article 21 including, without limitation, any transfer of shares. If any of the Dragged Shareholders fails to provide any of the Selling Shareholders with details of their bank account at least 1 business day prior to completion of the sale of the Dragged Shares under this article 21 or the share certificates referred to in article 21.5, the Selling Shareholders shall deposit in their name any purchase monies or other consideration on behalf of any of the Dragged Shareholders pending receipt of the share certificates and bank account details, but shall not be bound to earn or pay

interest thereon. Each of the Dragged Shareholders hereby authorises any member of the board of directors to approve the registration of any transfer of shares pursuant to this article 21.

- 21.7 Following the issue of a Drag Along Notice, on any person becoming a shareholder of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company (a New Shareholder), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice. The New Shareholder shall then be bound to sell and transfer all shares acquired by it to the Third Party Purchaser (or as the Third Party Purchaser may direct) and the provisions of this article 21 shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

## 22. Drag Along: Listing

- 22.1 For the purpose of this article 22:-

(a) Listing means either:

- (i) the admission by the UK Listing Authority of any of the issued equity share capital of the Company to the Official List and the admission to trading of any such shares on the London Stock Exchange's market for listed securities;
- (ii) the admission by the London Stock Exchange of any of the issued equity share capital of the Company to trading on the Alternative Investment Market, and such admission becoming effective; or
- (iii) the admission of any of the issued equity share capital of the Company to any other Recognised Investment Exchange becoming effective.

(b) London Stock Exchange means London Stock Exchange plc;

(c) Recognised Investment Exchange has the meaning given in Section 285 of the Financial Services and Markets Act 2000; and

(d) UK Listing Authority means the Financial Services Authority.

- 22.2 If the holders of at least 51% of the issued ordinary shares in the share capital of the Company (the "Majority") wish to affect a Listing they shall have the option (the "Listing Drag Option") to require all the other holders of shares in the Company to use their best endeavours in connection with all matters within their control to affect a Listing in accordance with this article 22.

- 22.3 The Majority may exercise the Listing Drag Option by giving notice in writing to that effect (a "Listing Drag Option Notice") to the other holders of shares (the "Listing Drag Shareholders") at any time after the date of adoption of these articles.

- 22.4 Unless and until the Majority withdraw the Listing Drag Option Notice (by providing 3 business days' notice of the withdrawal of the Listing Drag Option Notice) the Listing Drag Shareholders shall use their best endeavours in connection with all matters within their control to affect a Listing including, inter alia, taking any steps as required by the Majority in relation to the reorganisation of the structure of the Company and any of its subsidiaries at that time.

- 22.5 The Listing Drag Shareholders shall give such confirmations, letters of responsibility, letters of comfort, warranties and indemnities as would normally be expected by any financial advisers and/or sponsors and/or Recognised Investment Exchange in relation to a Listing.



- 22.6 The Listing Drag Shareholders shall enter into any lock in arrangements in relation to any shares as may be reasonably required by any financial advisers and/or sponsors and/or Recognised Investment Exchange in connection with the Listing.
- 22.7 As security for the performance of its obligations under this article 22, each of the Listing Drag Shareholders hereby irrevocably appoint such person authorised by the directors as his agent and attorney for the purpose of doing any act or executing any document required to give effect to this article 22 and the matters contemplated therein including, without limitation, any document to effect any transfer of shares in such manner as such attorney sees fit.
23. Tag Along on Change of Control
- 23.1 Except in the case of transfers pursuant to article 17, the provisions of article 23.2 to article 23.6 shall apply if, in one or a series of related transactions, one or more sellers propose to transfer any of the shares in the capital of the Company (Proposed Transfer) which would, if carried out, result in any person (Buyer), and any person Acting in Concert with the Buyer, acquiring a Controlling Interest in the Company.
- 23.2 Before making a Proposed Transfer, a seller shall procure that the Buyer makes an offer (Offer) to:
- (a) the other shareholders to purchase all of the shares in the capital of the Company held by them; and
  - (b) the holders of any existing options to acquire shares in the capital of the Company (granted by the Company or under any share option arrangements established by the Company) that are already capable of exercise or that are expected to become capable of exercise on or before the Proposed Transfer, to purchase any shares in the capital of the Company acquired on the exercise of options at any time on or before the Proposed Transfer,
- on the same terms and for the form of consideration that is at least equal to the highest consideration per share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the 6 months preceding the date of the Proposed Transfer (Specified Price).
- 23.3 The Offer shall be given by written notice (Offer Notice), at least 7 business days (Offer Period) before the proposed sale date (Sale Date). To the extent not described in any accompanying documents, the Offer Notice shall set out:
- (a) the identity of the Buyer;
  - (b) the purchase price and other terms and conditions (including, but without limitation, giving the same warranties and indemnities and confidentiality obligations);
  - (c) the Sale Date; and
  - (d) the number of Shares proposed to be purchased by the Buyer (Offer Shares).
- 23.4 If the Buyer fails to make the Offer to all of the persons listed in article 23.2 in accordance with article 23.2 and article 23.3, the seller shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of shares effected in accordance with the Proposed Transfer.

23.5 If the Offer is accepted by any shareholder (Accepting Shareholder) within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

23.6 The purchase of Offer Shares from Accepting Shareholders shall not be subject to the pre-emption provisions of article 16.

23.7 For the purpose of this article 23 the following words shall have the following meanings:

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 from time to time).

Controlling Interest: means an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010.

#### 24. Permitted Transfers

24.1 A Shareholder may transfer all or any of his shares in the capital of the Company to a Permitted Transferee.

24.2 Where shares in the capital of the Company are held by the trustees of a Family Trust, the trustees may transfer shares to:

- (a) the Majority Shareholder;
- (b) another Family Relation;
- (c) another Family Trust; or
- (d) to the new (or remaining) trustees upon a change of trustees of a Family Trust

without any price or other restriction.

24.3 A transfer of shares in the capital of the Company may only be made to a Family Trust if the Majority Shareholder is satisfied:

- (a) with the terms of the trust instrument and, in particular, with the powers of the trustees;
- (b) with the identity of the proposed trustees;
- (c) that the proposed transfer will not result in 50% or more of the aggregate of the Company's equity share capital being held by trustees of that and any other 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.

24.4 If a Permitted Transfer is made to a Family Relation who is a spouse or civil partner, unless the Majority Shareholder agrees otherwise, the said spouse or civil partner shall within 10 Business Days of ceasing to be the spouse or civil partner (whether by reason of divorce or otherwise) either:

- (a) execute and deliver to the Company a transfer of the shares in the share capital of the Company held by him to any other Family Relation for such consideration as may be agreed between them; or
- (b) give a Minority Transfer Notice to the Company in accordance with article 16.

- 24.5 Where, under a deceased shareholder's will (or the laws as to intestacy), the persons legally or beneficially entitled to any shares in the share capital of the Company (whether immediately or contingently) are Family Relations, the legal representative of the deceased shareholder may transfer any shares in the share capital of the Company to either those Family Relations or trustees of a Family Trust who are Permitted Transferees, in each case without restriction as to price or otherwise. Shares previously transferred as permitted by this article 24.5 may be transferred by the transferee to any other Permitted Transferee without any price or other restriction.
- 24.6 If a share in the share capital of the Company remains registered in the name of a deceased Minority Shareholder for longer than one year after the date of his death, the directors may require the legal personal representatives of that deceased Minority Shareholder either:
- (a) to effect a Permitted Transfer of those shares (including an election to be registered in respect of the Permitted Transfer); or
  - (b) to show, to the satisfaction of the directors, that a Permitted Transfer will be effected before (or promptly on) the completion of the administration of the estate of the deceased Minority Shareholder.
25. Company's lien over shares
- 25.1 The Company has a first and paramount lien (the "company's lien") over every share, whether or not fully paid, which is registered in the name of any 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. The company's lien over a share extends to any dividend or other money payable in respect of that share.
- 25.2 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.
26. Enforcement of the company's lien
- 26.1 Subject to the provisions of this article, 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.
- 26.2 A lien enforcement notice ("lien enforcement notice"):
- (a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum 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.
- 26.3 Where shares are sold under this article:
- (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.
- 26.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the 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 for any money payable (whether payable immediately or at some time in the future) as existed upon the shares before the sale in respect of all shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the lien enforcement notice.
- 26.5 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:
- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
  - (b) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share.
27. Call notices
- 27.1 Subject to the Articles and the terms on which shares are allotted, the directors may send a notice (a "call notice") to a shareholder requiring the shareholder to pay the Company a specified sum of money (a "call") which is payable to the Company at the date when the directors decide to send the call notice.
- 27.2 A call notice:
- (a) may not require a shareholder to pay a call which exceeds the total amount of his indebtedness or liability to the Company;
  - (b) must state when and how any call to which it relates is to be paid; and
  - (c) may permit or require the call to be made in instalments.
- 27.3 A shareholder must comply with the requirements of a call notice, but no shareholder is obliged to pay any call before 14 days have passed since the notice was sent.

- 27.4 Before the Company has received any call due under a call notice the directors may:
- (a) revoke it wholly or in part; or
  - (b) specify a later time for payment than is specified in the notice,
- by a further notice in writing to the shareholder in respect of whose shares the call is made.
28. Liability to pay calls
- 28.1 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.
- 28.2 Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.
- 28.3 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them to pay calls which are not the same or to pay calls at different times.
29. When call notice need not be issued
- 29.1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share:
- (a) on allotment;
  - (b) on the occurrence of a particular event; or
  - (c) on a date fixed by or in accordance with the terms of issue.
- 29.2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.
30. Failure to comply with call notice: automatic consequences
- 30.1 If a person is liable to pay a call and fails to do so by the call payment date, the directors may issue a notice of intended forfeiture to that person, and until the call is paid that person must pay the company interest on the call from the call payment date at the relevant rate.
- 30.2 For the purposes of this article:
- (a) the "call payment date" is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date; and
  - (b) the "relevant rate" is
    - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
    - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
    - (iii) if no rate is fixed in either of these ways, 5 per cent per annum.

30.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.

30.4 The directors may waive any obligation to pay interest on a call wholly or in part.

31. Notice of intended forfeiture

A notice of intended forfeiture:

- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
- (b) must be sent to the holder of that share (or all the joint holders of that share) or to a transmittee of that holder;
- (c) must require payment of the call and any accrued interest and all expenses that may have been incurred by the company by reason of such non-payment by a date which is not less than 14 days after the date of the notice;
- (d) must state how the payment is to be made; and
- (e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

32. Directors' power to forfeit shares

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

33. Effect of forfeiture

33.1 Subject to the Articles, the forfeiture of a share extinguishes:

- (a) all interests in that share, and all claims and demands against the Company in respect of it; and
- (b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the Company.

33.2 Any share which is forfeited in accordance with the Articles:

- (a) is deemed to have been forfeited when the directors decide that it is forfeited;
- (b) is deemed to be the property of the Company; and
- (c) may be sold, re-allotted or otherwise disposed of as the directors think fit.

33.3 If a person's shares have been forfeited:

- (a) the Company must send that person notice that forfeiture has occurred and record it in the register of shareholders;
- (b) that person ceases to be a shareholder in respect of those shares;

- (c) that person must surrender the certificate for the shares forfeited to the Company for cancellation;
  - (d) that person remains liable to the Company for all sums payable by that person under the Articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
  - (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- 33.4 At any time before the Company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls, interest and expenses due in respect of it and on such other terms as they think fit.
34. Procedure following forfeiture
- 34.1 If a forfeited share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.
- 34.2 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 forfeited on a specified date:
- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
  - (b) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share.
- 34.3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.
- 34.4 If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which:
- (a) was, or would have become, payable; and
  - (b) had not, when that share was forfeited, been paid by that person in respect of that share,
- but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.
35. Surrender of shares
- 35.1 A shareholder may surrender any share:
- (a) in respect of which the directors may issue a notice of intended forfeiture;
  - (b) which the directors may forfeit; or
  - (c) which has been forfeited.

- 35.2 The directors may accept the surrender of any such share.
- 35.3 The effect of surrender on a share is the same as the effect of forfeiture on that share.
- 35.4 A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.
36. Dividends
- 36.1 Except as otherwise set out in these Articles or provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts of the nominal value paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts of the nominal value paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
37. Transmission of shares
- 37.1 Nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been held jointly by him.
- 37.2 All Articles relating to the transfer of shares shall apply to any notice given or instrument of transfer executed by a transmittee as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.

#### Decision making by shareholders

38. No voting of shares on which money owed
- 38.1 No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the company in respect of that share have been paid.
- 38.2 No member may vote on any written resolution unless all amounts payable to the company in respect of any shares held by him have been paid.
39. Quorum and Voting
- 39.1 One qualifying person (as defined in section 318 of the Act) present at a meeting is a quorum.
- 39.2 Each issued share in the Company entitles the holder to one vote on a poll.
- 39.3 A resolution put to the vote of a general meeting must be decided by a poll vote and not on a show of hands.
40. Proxies
- 40.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced 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".
- 40.2 Article 45(1) of the Model Articles shall be amended by 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 article.

41. General meetings

- 41.1 A notice convening a general meeting shall be required to specify the general nature of the business to be transacted only in the case of special business. All business shall be deemed special that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors of the company, and the appointment of, and the fixing of the remuneration of, the auditors of the company.
- 41.2 Notices of and other communications relation to any general meeting which any member is entitled to received shall be sent to the directors and to the auditors for the time being of the company.
- 41.3 Article 41 of the Model Articles shall be amended by the addition of the words "; and if at the adjourned meeting the persons attending within half an hour from the time at which the meeting was due to start do not constitute a quorum, the meeting shall be dissolved." at the end of Article 41(1).

Administrative arrangements

42. Means of communication to be used

- 42.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
  - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
  - (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
  - (d) 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.

For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

- 42.2 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

42.3 In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.

#### 43. Indemnity

43.1 Subject to article 43.2, 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:

(i) in the actual or purported execution and/or discharge of his duties, or in relation to them; and

(ii) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

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 any associated company's) affairs; and

(b) 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 43.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

43.2 This article 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.

43.3 In this article and in article 44:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

(b) a "relevant officer" means any director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

#### 44. Insurance

44.1 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.

44.2 In this article 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, any associated company or any pension fund or employees' share scheme of the Company or associated company; and companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.