



Company number 07805657
THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
EVERIFY LIMITED

(Adopted by special resolution passed on 04 October 2022)

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 from time to time)
“A Ordinary Shares”:	the A Ordinary Shares of £0.10 each in the capital of the Company;
“Appointor”:	has the meaning given in article 11.1;
“Articles”:	the company's articles of association for the time being in force;
“Bad Leaver”:	a Departing Employee who is not a Good Leaver;
“Board”:	the board of directors of the Company as constituted from time to time;
“B Ordinary Shares”:	the B Ordinary Shares of £0.10 each in the capital of the Company;
“Business Day”:	any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business;
“Conflict”:	has the meaning given in article 7.1;

“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;
“Compulsory Employee Transfer”:	a Transfer Notice that 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 any Group Company and who does not continue as, or become, a director or employee of any Group Company.
“eligible director”:	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);
“Fair Value”:	in relation to Shares, as determined in accordance with article 18;
“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 and each company in the Group is a “Group Company” ;
“Good Leaver”	a Departing Employee who is determined by the Board to be such, in accordance with article 17.2;
“Interested Director”:	has the meaning given in article 7.1;
“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;
“Model Articles”:	the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (<i>SI 2008/3229</i>) as amended prior to the date of adoption of these Articles;
“Relevant Agreement”:	any agreement relating (in whole or in part) to the management and/or the affairs of the Company which is binding from time to time on the Company and the Shareholders;

"Shareholder Consent":	the prior written consent of the holders of 75% of the Shares in issue from time to time;
"Shareholders":	the holders of Shares in the Company;
"Shares":	the shares (of any class) in issue from time to time, and "Share" shall mean any one of them;
"Termination Date"	<p>a) where employment ceases by virtue of notice given by the employer to the employee, the date on which notice of termination was served, unless such notice is subsequently withdrawn;</p> <p>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;</p> <p>c) where the employee dies, the date of his death;</p> <p>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</p> <p>e) in any other case, the date on which the employment or holding of office is terminated; and</p>
"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.

- 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 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.
- 1.6 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.
- 1.7 Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
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.
 - 2.2 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 18(e), 44(2), 52 and 53 of the Model Articles shall not apply to the company.
 - 2.3 Article 7 of the Model Articles shall be amended by:
 - (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and
 - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
 - 2.4 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".
 - 2.5 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
 - 2.6 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) of the Model Articles," after the words "the transmittee's name".
 - 2.7 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".

DIRECTORS

3. UNANIMOUS DECISIONS

- 3.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 3.2 Such a decision 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.
- 3.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

4. CALLING A DIRECTORS' MEETING

Any director may call a directors' meeting by giving not less than five 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.

5. QUORUM FOR DIRECTORS' MEETINGS

- 5.1 Subject to article 5.2, the quorum for the transaction of business at a meeting of directors is any two eligible directors. If the total number of directors in office for the time being is less than the quorum required, the quorum can be constituted by the total amount of directors in office.
- 5.2 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.
- 5.3 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.
- 5.4 If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for two Business Days at the same time and place.

6. CHAIRING OF DIRECTOR'S MEETINGS

The post of chair of the board of directors shall be determined by the Board. The chairperson shall have a casting vote. If the chairperson for the time being is unable to attend any meeting of the Board, the Board shall be entitled to appoint another director to act as chair at the relevant meeting.

7. DIRECTORS' INTERESTS

- 7.1 For the purposes of section 175 of the Act, the shareholders (and not the directors) shall have the power to authorise, by resolution and in accordance with the provisions of these Articles, any Conflict proposed to them by any director which would, if not so authorised, involve a director (the "Interested Director") breaching their duty under section 175 of the Act to avoid conflicts of interest ("Conflict").
- 7.2 The Interested Director must provide the shareholders with such details as are necessary for the shareholders to decide whether or not to authorise the Conflict, together with such additional information as may be requested by the shareholders.
- 7.3 Any authorisation by the shareholders of a Conflict under this article 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 will or will 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 shareholders 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 shareholders authorise a Conflict:
- (a) the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the shareholders in relation to the Conflict; and
 - (b) the Interested Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act, provided he acts in accordance with such terms and conditions (if any) as the shareholders impose in respect of their authorisation.
- 7.5 The shareholders 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, notwithstanding his office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in, the shareholder who appointed him as a director of the Company, or any other member of such shareholder's Permitted Group, and no authorisation under article 7.1 shall be necessary in respect of any such interest.
- 7.7 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 shareholders in accordance with these Articles (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.
- 7.8 Subject to sections 177(5) and 177(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act.
- 7.9 Subject to sections 182(5) and 182(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under article 7.8.
- 7.10 Subject, where applicable, to any terms, limits or conditions imposed by the shareholders in accordance with article 7.3, and provided a director 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 such 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 directors) in respect of such transaction or arrangement 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 directors) or to participate in any unanimous decision in respect of such transaction or arrangement 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 (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.

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 a form that enables the Company to retain a copy of such decisions.

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.

10. APPOINTMENT OF DIRECTORS

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.

11. ALTERNATE DIRECTORS

- 11.1 Any director (other than an alternate director) (the “**Appointor**”) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to be an alternate director to exercise the Appointor's powers, and carry out the Appointor's responsibilities, in relation to the taking of decisions by the directors,
- 11.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company (and to the alternate, on removal) 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 he is willing to act as the alternate of the director giving the notice.
- 11.4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's Appointor.
- 11.5 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.
- 11.6 A person who is an alternate director but not a director may, subject to him being an Eligible Director:
- (a) be counted as participating for the purposes of determining whether a quorum is present at a meeting of directors (but only if that person's Appointor is an Eligible Director and is not participating); and
 - (b) participate in a unanimous decision of the directors (but only if his Appointor is an Eligible Director in relation to that decision, and does not himself participate).
- 11.7 A director who is also an alternate director is entitled, in the absence of his Appointor(s), to a separate vote on behalf of each Appointor (provided that an Appointor is an Eligible

Director in relation to that decision), in addition to his own vote on any decision of the directors.

- 11.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's Appointor as the Appointor may by notice in writing to the Company from time to time direct.
- 11.9 An alternate director's appointment as an alternate (in respect of a particular Appointor) terminates:
- (a) when the alternate's Appointor revokes the appointment by notice to the Company and the alternate in writing specifying when it is to terminate; or
 - (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; or
 - (c) when the alternate director's Appointor ceases to be a director for whatever reason.

12. 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

13. SHARE CAPITAL

- 13.1 Except as otherwise provided in these Articles, the A Ordinary Shares and the B Ordinary Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.
- 13.2 Any profits available for distribution within the meaning of the Act may be distributed amongst the holders of the A Ordinary Shares and the B Ordinary Shares in the proportions and amounts as recommended by the Board with no requirement to treat any class of Share as *pari passu* with another class of share.
- 13.3 On the transfer of any share as permitted by these Articles:

- (a) a share transferred to a non-shareholder shall remain of the same class as before the transfer; and
- (b) a share transferred to a shareholder shall automatically be redesignated on transfer as a share of the same class as those shares already held by the shareholder.

13.4 If no shares of a class remain in issue following a redesignation under this article, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, shareholders of that class or directors appointed by that class.

14. PURCHASE OF OWN SHARES

Subject to the Act but without prejudice to any other provision of these Articles, 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 of the Company.

15. SHARE TRANSFERS: GENERAL

15.1 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.

15.2 No Share shall be transferred unless the transfer is made in accordance with these Articles and any Relevant Agreement.

15.3 The directors must register any duly stamped transfer made in accordance with these Articles and any Relevant Agreement and shall not have any discretion to register any transfer of Shares which has not been made in compliance with these Articles and any Relevant Agreement.

15.4 Any transfer of Shares by way of a sale that is required to be made under these Articles shall be deemed to include a warranty that the Seller sells the Shares with full title guarantee.

16. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

- 16.1 Except where the provisions of article 17 (Compulsory transfers), article 19 (Tag along) or article 20 (Drag along) apply, or where Shareholder Consent is given, any transfer of shares by a shareholder shall be subject to the pre-emption rights in this article 16.
- 16.2 A shareholder ("**Seller**") wishing to transfer its shares ("**Sale Shares**") must give notice in writing (a "**Transfer Notice**") to the Company giving details of the proposed transfer including:
- (a) the number of Sale Shares;
 - (b) if the Seller wishes to sell the Sale Shares to a third party, the name of the proposed buyer;
 - (c) the price (in cash) at which the Seller wishes to sell the Sale Shares, which will be deemed to be Fair Value of the Sale Shares if no cash price is agreed between the Seller and the Board ("**Transfer Price**"); and
 - (d) whether the Transfer Notice is conditional on all, or a specific number of, the Sale Shares being sold to shareholders ("**Minimum Transfer Condition**").
- 16.3 Once given (or deemed to have been given) under these Articles, a Transfer Notice may not be withdrawn.
- 16.4 A Transfer Notice (or Compulsory Employee Transfer) constitutes the Company the agent of the Seller for the sale of the Sale Shares in accordance with the provisions of these Articles.
- 16.5 As soon as practicable following the receipt of a Transfer Notice, the Board shall offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 16 at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.
- 16.6 The Board shall offer the Sale Shares to all shareholders other than the Seller (the "**Continuing Shareholders**"), inviting them to apply in writing within the period from the date of the offer to the date 28 Business Days after the offer (both dates inclusive) (the "**First Offer Period**") for the maximum number of Sale Shares they wish to buy.
- 16.7 If the Sale Shares are subject to a Minimum Transfer Condition, any allocation made under article 16.8 to article 16.11 shall be conditional on the fulfilment of the Minimum Transfer Condition.
- 16.8 If:

- (a) at the end of the First Offer Period, the total number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion which the Continuing Shareholder's existing holding of shares bears to the total number of shares held by those Continuing Shareholders who have applied for Sale Shares. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case the allocation of any such fractional entitlements among the Continuing Shareholders who have applied for Sale Shares shall be determined by the Board). No allocation shall be made to a Continuing Shareholder of more than the maximum number of Sale Shares which it has stated it is willing to buy.
 - (b) not all Sale Shares are allocated following allocations in accordance with article (a), but there are applications for Sale Shares that have not been satisfied, the Board shall allocate the remaining Sale Shares to such applicant(s) in accordance with the procedure set out in article (a). The procedure set out in this article (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; 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 Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications. The balance (the "Initial Surplus Shares") shall be dealt with in accordance with article 16.9.
- 16.9 At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares (if any) to all the Continuing Shareholders, inviting them to apply in writing within the period from the date of the offer to the date 28 Business Days after the offer (both dates inclusive) (the Second Offer Period) for the maximum number of Initial Surplus Shares they wish to buy.
- 16.10 If, 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 Board shall allocate the Initial Surplus Shares to each Continuing Shareholder who has applied for Initial Surplus Shares in the proportion that the Continuing Shareholder's existing holding of shares (including any Sale Shares) bears to the total number of shares (including any Sale Shares) held by those Continuing Shareholders who have applied for Initial Surplus Shares during the Second Offer Period. 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 among the Continuing Shareholders shall be determined by the Board). No allocation shall be made to a Continuing Shareholder of more than the maximum number of Initial Surplus Shares which it has stated it is willing to buy.

16.11 If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications. The balance (the “**Second Surplus Shares**”) shall be dealt with in accordance with article 16.16.

16.12 If the Transfer Notice includes a Minimum Transfer Condition and the total number of Sale Shares applied for is less than the number of Sale Shares specified in the Minimum Transfer Condition, the Board shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under article 16.8 to article 16.11, stating that the Minimum Transfer Condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

16.13 If:

- (a) the Transfer Notice includes a Minimum Transfer Condition and such Minimum Transfer Condition has been satisfied, or the Transfer Notice does not include a Minimum Transfer Condition; and
- (b) allocations under article 16.8 to article 16.11 have been made in respect of some or all of the Sale Shares,

the Board shall give written notice of allocation (an “**Allocation Notice**”) to the Seller and each Continuing 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, the amount payable by each Applicant for the number of Sale Shares allocated to them (“**Consideration**”) and the place and time for completion of the transfer of the Sale Shares (which shall be at least 5 Business Days, but not more than 10 Business Days, after the date of the Allocation Notice).

16.14 On the date specified for completion in the Allocation Notice, the Seller shall, against payment of the Consideration, execute and deliver a transfer of the Sale Shares allocated to such Applicant, in accordance with the requirements specified in the Allocation Notice.

16.15 If the Seller fails to comply with article 16.14:

- (a) the chairperson of the Company (or, failing the chairperson, one of the other directors, or some other person nominated by a resolution of the Board) may, as agent on behalf of the Seller:
 - (i) complete, execute and deliver in the Seller's name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;

- (ii) receive the Consideration and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Consideration); and
 - (iii) (subject to the transfers being duly stamped) enter the Applicants in the register of members as the holders of the Sale Shares purchased by them; and
 - (b) the Company shall pay the Consideration into a separate bank account in the Company's name on trust (but without interest) for the Seller until the Seller has delivered its certificate(s) for the relevant Sale Shares or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate, together, in either case, with such other evidence (if any) as the Board may reasonably require to prove good title to those Sale Shares, to the Company.
- 16.16 If an Allocation Notice does not relate to all of the Sale Shares or the Transfer Notice lapses pursuant to article 16.12 then, subject to article 16.17 and within four weeks following service of the Allocation Notice or the date of the lapse of the Transfer Notice (as the case may be), the Seller may transfer the Second Surplus Shares or the Sale Shares (in the case of a lapsed offer) (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 16.16 shall continue to be subject to any Minimum Transfer Condition.
- 16.17 The Seller's right to transfer Sale Shares under article 16.16 does not apply if the Seller has not received Shareholder Consent in respect of such transfer and/or the Board reasonably considers that:
- (a) the transferee is a person (or a nominee for a person) who is a competitor with (or an Associate of a competitor with) the business of the Company or with a subsidiary of the Company; or
 - (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 provide promptly information available to the Seller and reasonably requested by the Board to enable it to form the opinion mentioned above.
17. **COMPULSORY TRANSFERS**
- 17.1 If a Shareholder becomes a Departing Employee Transfer Notice shall be deemed to have been served on the relevant Termination Date in respect of all Shares held by the Shareholder (a **Compulsory Employee Transfer**) in accordance with the provisions set out in the remaining provisions of this article 17.

- 17.2 The determination by the Board of whether the Departing Employee is a Good Leaver will be made after the period of one month following the Termination Date but before the date being four months following the Termination Date.
- 17.3 The Compulsory Employee Transfer has the same effect as a Transfer Notice, except that the Compulsory Employee Transfer takes effect on the basis that:
- (a) it does not identify a proposed buyer or state a price for the Sale Shares;
 - (b) no Minimum Transfer Condition will be applicable to the Sale Shares;
 - (c) the Transfer Price shall,
 - (i) where the Departing Employee is determined by the Board to be:
 - (A) a Bad Leaver, be restricted to the aggregate Issue Price of such Sale Shares: or
 - (B) a Good Leaver, be the higher of the aggregate Fair Value and the Issue Price of such Sale Shares; and
 - (d) the Sale Shares shall first be offered to the Company to acquire either itself under the purchase of own shares rules in accordance with the Act and these Articles or, if the Company declines or fails, within 6 months of the date of the Compulsory Employee Transfer, to buy back the Sale Shares (or nominate a third party to acquire them) then they shall be offered by the Board to the Continuing Shareholders in accordance with Article 16, with deemed changes to the timings set out in Article 16.6 to allow for the Company's prior right in this Article 17.3(d).
- 17.4 A Compulsory Employee Transfer under article 17.1 shall immediately and automatically revoke a Transfer Notice served by the relevant shareholder before the occurrence of the relevant event giving rise to the Compulsory Employee Transfer.
- 17.5 If the Departing Employee fails to complete a transfer of Sale Shares as required under this article 17 the Continuing Shareholders are irrevocably authorised to appoint any person they nominate for the purpose as agent to transfer the Sale Shares on the Departing Employee's behalf and to do anything else that the Continuing Shareholders may reasonably require to complete the sale, and the Company may receive the purchase price in trust for the Departing Employee (without any obligation to pay interest), giving a receipt that shall discharge the Continuing Shareholders.
- 17.6 Forthwith upon a Compulsory Employee Transfer being deemed to be served under this Article 17 the Shares subject to the relevant Compulsory Employee Transfer (**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 Restricted Shares; or
- (c) to participate in any future issue of Shares issued in respect of those Restricted Shares.

17.7 The Board may reinstate the rights referred to in Article 17.6 at any time and, in any event, such rights shall be reinstated in respect of any Restricted Shares transferred pursuant to Article 17.6 on completion of such transfer.

18. VALUATION

18.1 The Valuers shall be requested to determine the Fair Value within 20 Business Days of their appointment and to notify the Company and the Seller in writing of their determination.

18.2 The Fair Value for any Sale Share shall be the price per share determined in writing by the Valuers on the following bases and assumptions:

- (a) valuing each of the Sale Shares as a proportion of the total value of all the issued shares in the capital of the Company applying an appropriate premium or discount being attributable to the percentage of the issued share capital of the Company which they represent or for the rights or restrictions applying to the Sale Shares;
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (c) the sale is to be on arms' length terms between a willing seller and a willing buyer;
- (d) the Sale Shares are sold free of all encumbrances;
- (e) the sale is taking place on the date the Valuers were requested to determine the Fair Value; and
- (f) to take account of any other factors that the Valuers reasonably believe should be taken into account.

18.3 The parties are entitled to make submissions to the Valuers and will provide (or procure that the Company provides) the Valuers with such assistance and documents as the Valuers reasonably require for the purpose of reaching a decision, subject to the Valuers agreeing to give such confidentiality undertakings as the shareholders may reasonably require.

18.4 To the extent not provided for by this article 18, the Valuers may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider

just or appropriate, including (to the extent they consider necessary) instructing professional advisers to assist them in reaching their valuation.

18.5 The Valuers shall act as expert and not as arbitrator and their written determination shall be final and binding on the shareholders in the absence of fraud.

18.6 The cost of obtaining the Valuers' valuation shall be borne by the Company and the Seller equally or in such other proportions as the Valuers direct.

19. TAG ALONG RIGHTS ON A CHANGE OF CONTROL

19.1 Except in the case of transfers pursuant to article 17 (compulsory transfers), the provisions of article 19.2 to article 19.6 shall apply if, in one or a series of related transactions, one or more Sellers propose to transfer any of the Shares ("**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.

19.2 Before making a Proposed Transfer, a Seller shall procure that the Buyer makes an offer (an "**Offer**") to:

- (a) the other Shareholders to purchase all of the Shares held by them; and
- (b) the holders of any existing options to acquire Shares (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 before the Proposed Transfer, to purchase any Shares acquired on the exercise of options at any time before the Proposed Transfer,

for a consideration in cash per Share that is at least equal to the highest price 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 six months preceding the date of the Proposed Transfer (the "**Specified Price**").

19.3 The Offer shall be made by written notice ("**Offer Notice**"), at least 10 Business Days 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 Specified Price and other terms and conditions of payment;
- (c) the Sale Date; and
- (d) the number of Shares proposed to be purchased by the Buyer ("**Offer Shares**").

19.4 If the Buyer fails to make the Offer to all of the persons listed in article 19.2 in accordance with article 19.2 and article 19.3, 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.

19.5 If the Offer is accepted by any Shareholder ("**Accepting Shareholder**") in writing within 5 Business Days of receipt of the Offer Notice, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

19.6 The Proposed Transfer is subject to the pre-emption provisions of article 16, but the purchase of Offer Shares from Accepting Shareholders shall not be subject to those provisions.

20. **DRAG ALONG**

20.1 If the holders of 75% of the Shares in issue for the time being ("**Selling Shareholders**") wish to transfer all (but not some only) of their Shares ("**Sellers' Shares**") to a bona fide purchaser on arm's length terms ("**Proposed Buyer**"), the Selling Shareholders may require all other Shareholders ("**Called Shareholders**") to sell and transfer all their shares ("**Called Shares**") to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article 20 ("**Drag Along Option**").

20.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders ("**Drag Along Notice**") at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:

- (a) that the Called Shareholders are required to transfer all their Called Shares pursuant to this article 20;
- (b) the person to whom the Called Shares are to be transferred;
- (c) the purchase price payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per share offered by the Proposed Buyer for the Sellers' Shares; and
- (d) the proposed date of the transfer.

20.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 20 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

20.4 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 20.

- 20.5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the Sellers' Shares unless:
- (a) all of the Called Shareholders and the Selling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by all of the Called Shareholders and the Selling Shareholders; or
 - (b) that date is less than 5 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 10th Business Day after service of the Drag Along Notice.
- 20.6 The proposed sale of the Sellers' Shares by the Selling Shareholders to the Proposed Buyer is subject to the rights of pre-emption set out in article 16, but the sale of the Called Shares by the Called Shareholders shall not be subject to those provisions.
- 20.7 On or before the Completion Date, the Called Shareholders shall execute and deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the Company. On the Completion Date, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due pursuant to article (c) to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.
- 20.8 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article 20 in respect of their Shares.
- 20.9 If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 20.7) transfer(s) in respect of all of the Called Shares held by it, each defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as it may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of shares under this article 20.

- 20.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares (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 Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 20 shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the Shares shall take place on the Completion Date or immediately upon the New Shareholder becoming a Shareholder of the Company, if later.

DECISION MAKING BY SHAREHOLDERS

21. QUORUM FOR GENERAL MEETINGS

- 21.1 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending to it do not constitute a quorum.
- 21.2 One or more Shareholders present in person or by proxy, entitled to vote upon the business to be transacted holding (between them if applicable) at least 60% of the entire share capital of the Company from time to time, shall be a quorum.

22. CHAIRING GENERAL MEETINGS

The chairperson of the Board shall chair general meetings. The chairperson shall not have a casting vote. If the chairperson is unable to attend any general meeting, the Shareholders present shall be entitled to appoint another director present at the meeting to act as chair at the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

23. VOTING

At a general meeting, on a show of hands every shareholder who is present in person or by proxy shall have one vote for each share of which he is the holder, unless the proxy is himself a shareholder entitled to vote; on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder; and on a vote on a written resolution every shareholder has one vote for each share of which he is the holder.

24. POLL VOTES

- 24.1 A poll may be demanded at any general meeting by a qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 24.2 Article 44(3) of the Model Articles 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 article.

25. PROXIES

- 25.1 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 general meeting (or adjourned meeting) to which they relate".
- 25.2 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" as a new paragraph at the end of that article.

ADMINISTRATIVE ARRANGEMENTS

26. MEANS OF COMMUNICATION TO BE USED

- 26.1 Any notice, document or other information shall be deemed received by the intended recipient:
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, two Business Days after it was posted;
 - (b) if properly addressed and delivered by hand, on the day of delivery, if delivered at least two hours before the close of business hours on a Business Day, and otherwise on the next Business Day;
 - (c) if properly addressed and sent or supplied by electronic means, at the time of confirmation of the electronic communication being sent;
 - (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.
- 26.2 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.

27. INDEMNITY AND INSURANCE

27.1 Subject to article 27.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

(a) each relevant officer of the Company 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 activities as a 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 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 25.1(a) and otherwise may take action to enable any such relevant officer to avoid incurring such expenditure.

27.2 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.

27.3 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.

27.4 In this article:

(a) a "**relevant officer**" means any director or other officer or former director or other officer of the Company but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor; and

(b) 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 any pension fund or employees' share scheme of the Company.