

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES ARTICLES OF
ASSOCIATION OF LABRADOR LTD

(Adopted by special resolution passed on 24 October 2016)

COMPANY NUMBER: 08489878



AGREED TERMS

1. INTERPRETATION

1.1 In these Articles, the following words have the following meanings

Act:	the Companies Act 2006,
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 Shareholder so deemed pursuant to Article 15.6,
Board:	the directors of the Company,
Business:	the business of the Company and its Subsidiaries, as set out in the Business Plan,
Business Day:	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,
Business Plan:	the annual business plan of the Company, the first such plan being in agreed form,
Buyer:	has the meaning given in Article 17.1,
Conflict:	has the meaning given in Article 8.1,
Default Events:	has the meaning given in Article 15.6,
Drag Along Notice:	has the meaning given in Article 17.1,
EMI Scheme:	an enterprise management incentive share option scheme as put into place by the Company from time to time and referred to in Articles 12 and 13,
EMI Share:	a non-voting ordinary share of £0.001 in the capital of the Company or any other class of ordinary share to be allotted in accordance with an EMI Scheme,
EMI Shareholder:	a holder of any EMI Shares allotted in accordance with an EMI Scheme,
Exit:	(a) a Listing, (b) a sale (or the grant of a right to acquire or dispose of) any of the shares in the capital of the Company (in one transaction or a series

of transactions) which will result in the buyer of those shares (or grantee of that right) and persons acting in concert with him together acquiring a controlling interest in the Company, except where the shareholders and the proportion of Shares held by each of them following completion of the sale are the same as the shareholders and their shareholdings in the Company immediately before the sale, or

(c) a disposal by the Company of all, or a substantial part of, its business and assets and for the purposes of this definition, **acting in concert** shall be construed in accordance with the City Code on Takeovers and Mergers, and **controlling interest** shall mean an interest in shares giving the holder of those shares control of the Company within the meaning of section 840, Income and Corporation Taxes Act 1988,

Expert: has the meaning given in Article 22 2,

Fair Value: in relation to shares, as determined in accordance with Article 22,

Group: in respect of a person being a body corporate, that person or any current or future subsidiary or holding company or any body corporate with an immediate or ultimate holding company in common with that person where **subsidiary** and **holding company** have the meanings as set out in Section 1159 of the Companies Act,

Interested Director: has the meaning given in Article 8 1,

Intellectual Property Rights: patents, rights to inventions, copyright and related rights, trade marks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off, rights in designs, rights in computer software, database rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world,

Jane Lucy: the founder of the Company, currently acting as Chief Executive Officer,

Listing: the successful application and admission of all or any of the shares in the capital of the Company, or securities representing such shares (including American depositary receipts, American

depository shares and/or other instruments to the Official List of the UK Listing Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000),

Listing Rules:	the Listing Rules of the UK Listing Authority made under section 73(A) of the Financial Services and Markets Act 2000 or any analogous listing rules governing the listing of shares in the jurisdictions where a Listing is proposed,
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,
Offer:	an offer to purchase the shares of the Shareholders, made in accordance with Article 20 2,
Ordinary Share:	an ordinary share of £0 001 in the capital of the Company,
Participation Notice:	has the meaning given in Article 17 2
Participating Shareholders:	has the meaning given in Article 17 2
Permitted Transfer:	a transfer of shares made in accordance with Article 16
Permitted Transferee:	the spouse, child or grandchild of any of the natural persons who are Shareholders at the date of adoption of these Articles, or any family trust or pension fund of such person or of which such person is the settlor or beneficiary, or any person to whom a transfer of Shares is permitted pursuant to the terms of a shareholders' or other agreement,
Relevant Proportion:	in relation to a shareholder, that proportion which the nominal value of the Shares in the Company beneficially owned by that party bears to the aggregate nominal value of the entire issued share capital of the Company;
Retiring Shareholder:	has the meaning given in Article 15 1,
Remaining Shareholders:	has the meaning given in Article 15 1,
Services Agreement:	the director's service agreement in agreed form to be entered into by the Company and any Director that may be appointed from time to time,

**Shareholders or
shareholders:**

the persons from time to time holding any Ordinary Shares or EMI Shares,

Shares or shares:

Ordinary Shares or EMI Shares as the case may be,

Trading Co:

a wholly owned subsidiary of the Company to be established by the Company for the purposes of the Business Plan,

Transfer Notice:

has the meaning given in Article 15 1;

Voting Shares:

has the meaning given in Article 10 4 and

"Voting Shareholder"

shall be construed accordingly,

- 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 but excluding any statutory modification of them not in force on the date when these Articles become binding on the Company
- 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 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 6 Save as expressly provided otherwise in these Articles, any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force

2. ADOPTION OF THE MODEL ARTICLES

- 2 1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the Articles of association of the Company to the exclusion of any other Articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation
- 2 2 Articles 6(2), 7, 8, 9(1), 11 to 14 (inclusive), 16, 22, 26(5), 36, 38, 39, 43, 44(2), 49 and 51 to 53 (inclusive) of the Model Articles shall not apply to the Company

- 2 3 Article 20 of the Model Articles shall be amended by the insertion of the words
"(including alternate directors and the secretary)" before the words "properly incur"
- 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 Articles 31(1)(a) to (d) (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"

DIRECTORS

3. DIRECTORS' MEETINGS

- 3 1 Any decision of the Board must be taken at a meeting of directors in accordance with
these Articles or must be a decision taken in accordance with Article 4.
- 3 2 Subject as provided in these Articles, the directors may participate in Board meetings for
the despatch of business, adjourn and otherwise regulate their meetings as they think fit
- 3 3 Meetings of the Board shall take place at least once each calendar quarter
- 3 4 All decisions made at any meeting of the Board or of any committee of the directors shall
be made only by resolution

4. UNANIMOUS DECISIONS OF DIRECTORS

- 4 1 A decision of the Board is taken in accordance with this Article when all directors
indicate to each other by any means that they share a common view on a matter
- 4 2 Such a decision may take the form of a resolution in writing, where each director has
signed one or more copies of it, or to which each director has otherwise indicated
agreement in writing

5. NUMBER OF DIRECTORS

The number of directors shall not be less than two No shareholding qualification for directors
shall be required

6. CALLING A BOARD MEETING

- 6 1 Any director may call a meeting of the Board by giving not less than 10 Business Days'
notice of the meeting (or such shorter period of notice as agreed in writing by all of the
directors in writing to each director or by authorising the Company secretary (if any) to
give such notice and must include in addition to details of the date and time and proposed
place of the meeting arrangements by which a director may attend and participate in the

meeting by telephone

- 6 2 Notice of any Board meeting must be accompanied by
- (a) an agenda specifying in reasonable detail the matters to be raised at the meeting, and
 - (b) copies of any papers to be discussed at the meeting

- 6 3 Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a Board meeting unless all the directors agree in writing

7. QUORUM FOR DIRECTORS' MEETINGS AND CASTING VOTE

- 7 1 The quorum at any meeting of the Board (including adjourned meetings) shall be two directors. No business shall be conducted at any meeting of the directors unless a quorum is participating at the beginning of the meeting and also when that business is voted on. If a quorum is not participating within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for 5 Business Days at the same time and place

- 7 2 If on a vote on a Board resolution there is an equality of votes cast for and against such resolution, Jane Lucy shall have a second or casting vote

8. DIRECTORS' INTERESTS

- 8 1 The Board 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 (the **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**)

- 8 2 Any authorisation under this Article will be effective only if, 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

- 8 3 Any authorisation 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) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit, and

(c) 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

- 8 4 Where the Board 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
- 8 5 The Board 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
- 8 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 Group, and no authorisation under Article 8 1 shall be necessary in respect of any such interest
- 8 7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds
- 8 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
- 8 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 8 8
- 8 10 Subject, where applicable, to any terms and conditions imposed by the Board in accordance with Article 8 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 entitled to vote at a Board meeting (or a meeting of a committee of directors) or participate in any unanimous decision, in respect of such transaction or arrangement or

proposed transaction or arrangement in which he is interested,

(c) 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,

(d) 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

(e) 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

9. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the Board 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

10. NOT USED

11. ALTERNATE DIRECTORS

11 1 Any director (other than an alternate director) (in this Article, the **appointor**) may appoint any person (whether or not a director) to be an alternate director to exercise that director's powers, and carry out that director's responsibilities, in relation to the taking of decisions by the directors, in the absence of the alternate's appointor. A person may be appointed an alternate director by more than one director

11 2 Any appointment or removal of an alternate director 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 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 the Board 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

- (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), and
- (b) may participate in a unanimous decision of the directors (but only if his appointor does not himself participate)

11 7 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

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 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, or
- (c) when the alternate director's appointor ceases to be a director for whatever reason

SHARES

12. SHARE CAPITAL

12 1 The ordinary share capital of the Company comprises the Ordinary Shares and the EMI Shares (when allotted)

12 2 Except as otherwise provided in these Articles, the Ordinary Shares and EMI Shares shall rank *pari passu* in all respects

12 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 re-designated on transfer as a share of the same class as those shares already held by the shareholder, with no rights that may have attached to those shares being transferrable

12 4 No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares

12 5 Each of the following (without limitation) shall be deemed to constitute a variation of the rights attached to each class of shares

(a) any alteration in the Articles,

(b) any reduction, subdivision, consolidation, redenomination, purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital, and

(c) any resolution to put the Company into liquidation

12.6 Following any re-designation of shares or the creation of any new class of shares, references in these Articles to the shareholders shall be read to include reference to the holders of such re-designated or new shares

13. FURTHER ISSUES OF SHARES: AUTHORITY

13 1 Subject to Articles 14 and 21 and the remaining provisions of this Article 13, the Board are generally and unconditionally authorised, for the purpose of section 551 of the Act, to exercise any power of the Company to

(a) offer or allot,

(b) grant rights to subscribe for or to convert any security into, or

(c) otherwise deal in, or dispose of,

any shares in the Company to any person, at any time and subject to any terms and conditions as the directors think proper, including EMI Shares pursuant to an EMI Scheme

13 2 The authority referred to in Article 13 1

- (a) shall be limited to a maximum nominal amount as may from time to time be authorised by the Company by ordinary resolution,
- (b) shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution, and
- (c) may only be exercised for a period of five years from the date of adoption of these Articles, save that the Board may make an offer or agreement which would, or might, require shares to be allotted after the expiry of such authority (and the Board may allot shares in pursuance of an offer or agreement as if such authority had not expired)

14. SHARE TRANSFERS

- 14 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
- 14 2 No share shall be transferred unless the transfer is made in accordance with these Articles
- 14 3 A Shareholder shall be entitled at any time to transfer some or all of the shares registered in its name to a company which is part of the same Group provided that where the transferee company ceases to be a member of the same Group as the transferring party, that Shareholder shall procure that the transferee shall forthwith transfer back to it all the shares previously transferred
- 14 4 Any transfer of shares by way of a sale that is required to be made under Article 15, Article 16 or Article 17 shall be deemed to include a warranty that the transferor sells the shares with full title guarantee
- 14 5 Subject to Article 14.6, the Board shall forthwith register any duly stamped transfer made in accordance with these Articles and shall not have any discretion to register any transfer of shares which has not been made in compliance with these Articles
- 14 6 The Board may, as a condition to the registration of any transfer of shares in the Company (whether to a transferee permitted under Article 14 3 or otherwise) require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between the shareholders in such form as the Board may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) If any such condition is imposed in accordance with this Article 14 6, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee

15. RIGHT OF FIRST REFUSAL

15 1 If any shareholder (**Retiring Shareholder**) wishes to cease to be a shareholder, he shall serve notice (**Transfer Notice**) on the other shareholders (**Remaining Shareholders**) stating which of the following options he wishes to exercise

- (a) to sell all (but not some only) of his shares to the Remaining Shareholders, or
- (b) to sell all (but not some only) of his shares to a third party (and, if so, the identity of the third party and the terms, including the price per share at which he wishes to sell such shares)

15 2 If Article 15 1(a) applies, then the Remaining Shareholders shall, within 40 Business Days of the Transfer Notice, notify the Retiring Shareholder that

- (a) they wish to purchase all (but not some only) of his shares (and unless they all agree to the contrary, they will do so in the proportions that their existing shareholdings bear to the total of the Remaining Shareholders' shares) at the Fair Value, or
- (b) that they do not wish to purchase his shares, in which case Article 15 4 shall apply and if the Remaining Shareholders fail to serve either notice within 40 Business Days they shall be deemed to have served notice that they do not wish to purchase such shares

15 3 If Article 15 1(b) applies, then the Remaining Shareholders shall, within 40 Business Days of the Transfer Notice notify the Retiring Shareholder that

- (a) they wish to purchase all (but not some only) of his shares (and unless they all agree to the contrary, they will do so in the proportions that their existing shareholdings bear to the total of the Remaining Shareholders' shares) at the price set out in the Transfer Notice or if they consider such price to be too high, at the Fair Value determined pursuant to Article 22, or
- (b) they consent to the sale on the terms set out in the Transfer Notice (and failure to serve notice within such 20 Business Day period shall be deemed to be consent) in which event the Retiring Shareholder shall immediately proceed with such sale on such terms

15 4 If Article 15 2(b) applies, the Retiring Shareholder shall continue to own his shares but from the date of the expiry of the period in the Transfer Notice the Retiring Shareholder shall not be entitled to serve a notice under Article 15 1(b) for a period of six months

15 5 If a Shareholder shall die or become permanently incapacitated (as reasonably determined by the other Shareholders), or shall fail to serve a Transfer Notice as required by Article 15 1, he shall be deemed to have served a Transfer Notice pursuant to Article 15 1(a) and where he has died or become permanently incapacitated the Remaining

Shareholders shall be obliged to purchase all of his shares at Fair Value

15 6 If any of the following events (**Default Events**) shall occur in respect of a Shareholder

- (a) the Shareholder being declared bankrupt or making any arrangement with its creditors,
- (b) the Shareholder being disqualified to act as a director,
- (c) any chargor enforcing any charge created over any shares held by the Founder Shareholder in the Company,
- (d) the Shareholder
 - (i) breaching any material provision of these Articles; or
 - (ii) breaching a provision of any shareholders' or other agreement relating to the Company to which he is a party where such shareholders' or other agreement specifies that a breach of such provision should be equivalent in effect to a Default Event

and where such breach is remediable, failing to remedy such breach within 20 Business Days of be required to so do by another Shareholder or the Company, or

- (iii) in the case of a Director, breaches their Services Agreement (provided that such breach entitles the Company to terminate such Services Agreement and the Company does so), or
- (iv) in the case of an EMI Shareholder, breaching the terms of any employment contract between him and the Company (provided that such breach entitles the Company to terminate such employment contract and the Company does so),

then such Shareholder shall be deemed to have served a Transfer Notice under Article 15 1(a) immediately on the occurrence of such Default Event (and any Transfer Notice he may have actually served or may subsequently serve pursuant to Clause Article 15 1 shall be of no effect) and, unless the Board determines otherwise, to be a "Bad Leaver" for the purposes of these Articles

15 7 In respect of a Bad Leaver, the Remaining Shareholders shall have the right, exercisable by notice in writing to the Bad Leaver

- (a) to purchase all (but not some only) of the shares of the Bad Leaver as if Article 15 2(a) applied SAVE THAT
 - (i) in respect of any Bad Leaver who is not an EMI Shareholder, (and unless agreed otherwise pursuant to a shareholders' or other agreement) the Fair

Value shall be discounted by 10%, and

- (ii) in respect of an EMI Shareholder, the price per EMI Share shall, at the determination of the Board, be either
 - (A) the Fair Value per EMI Share discounted by 10%, or
 - (B) the option price per EMI Share paid by the relevant EMI Shareholder under the EMI Scheme, or
- (b) to require the Bad Leaver to transfer his shares to a third party specified by the Remaining Shareholders at a price per share determined as set out in Clause 15 7(a), or
- (c) to permit the Bad Leaver to retain his shares save that from the date of such notice from the Remaining Shareholders
 - (i) such shares, being Voting Shares, shall automatically become non- voting shares,
 - (ii) such shares shall cease to be entitled to any dividend payment to which they would otherwise be entitled, and
 - (iii) on Exit, the sum payable to the Bad Leaver (whether as the aggregate price per share or otherwise) shall not exceed the price per share determined as set out in Clause 15 7(a) (with the Fair Value being determined as at the date of the notice)

16. PERMITTED TRANSFERS

- 16 1 A Shareholder may at any time transfer all (but not some only) of its shares in the Company to a Permitted Transferee without being required to follow the steps set out in Article 15
- 16 2 A shareholder holding shares in the Company as a result of a Permitted Transfer made after the date of adoption of these Articles by a Shareholder under the provisions of this Article 16 may at any time transfer all (but not some only) of its shares back to the Shareholder from whom it received those shares or to another Permitted Transferee of such Original Shareholder, without being required to follow the steps set out in Article 15
- 16 3 If a Permitted Transfer has been made by a Shareholder to a Permitted Transferee, that Permitted Transferee shall within five Business Days of ceasing to be a Permitted Transferee of such Shareholder transfer all of the shares in the Company held by it to
- (a) Shareholder from whom it received those shares, or
 - (b) another Permitted Transferee of that Shareholder,

without any price or other restriction. If the Permitted Transferee fails to make a transfer in accordance with this Article 16.3, the Company may execute a transfer of the shares on behalf of the Permitted Transferee and register the Original Shareholder as the holder of such shares.

17. DRAG ALONG

17.1 In the event of an offer for 100% of the issued share capital from a bona fide third party (**Buyer**), such offer shall only be valid if addressed to the Board.

17.2 If the Board resolves that such offer is reasonable, then it shall promptly (and in any event within 5 Business Days of acceptance of such offer) so inform the Shareholders and may also send a written notice (**Drag Along Notice**) to the Shareholders and the EMI Shareholders specifying the name of the Buyer, the consideration payable per share and a summary of the material terms of the proposed purchase. A vote shall be held, either at an extraordinary general meeting or by means of written resolution, of the Shareholders entitled to vote, and if votes equivalent to not less than 75% of the total votes cast are in favour of accepting such offer, then each Shareholder (and on vesting of EMI Shares, each EMI Shareholder) shall be obliged

- (a) to sell all of his shares, with full title guarantee, in the transaction contemplated by the Drag Along Notice on the same terms and conditions, and
- (b) otherwise take such steps as necessary to complete such transaction, including exercising their voting rights (if any) in favour of such transaction and completing, executing and delivering all documents necessary to give effect to the transfer of the relevant shares.

17.2 In the event that any Shareholder fails to comply with his obligations in Article 17.1.

- (a) he shall be deemed to have appointed as his proxy a director, nominated by the Board, to exercise his voting rights in favour of such transaction,
- (b) the relevant director may, on behalf of the Shareholder:
 - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant shares,
 - (ii) receive the consideration therefor and give a good discharge for it, and
 - (iii) (subject to the transfers being duly stamped) enter the purchaser in the register of shareholders as the holders of the shares purchased by it; and
- (c) the Company shall pay the consideration received into a separate bank account in the Company's name on trust (but without interest), which account may be the client account of the Company's solicitors, for the Shareholder until he has delivered his certificate for the relevant shares (or an appropriate indemnity in

respect of any lost certificate, together with such other evidence (if any) as may be required to prove good title to those shares) to the Company

17.3 Article 15 shall not apply to this Article 17

18. PARTICIPATION RIGHT

18.1 In the event of an offer of between 15% and 99.9% of the issued share capital from a bona fide third party (**Buyer**), such offer shall only be valid if addressed to the Board

18.2 If the Board resolves that such offer is reasonable, then it shall promptly (and in any event within 5 Business Days of receipt of such offer) send a written notice to the Shareholders and the EMI Shareholders specifying the name of the Buyer, the consideration payable per share and a summary of the material terms of the proposed purchase. A vote shall be held, either at an extraordinary general meeting or by means of written resolution, of the Shareholders entitled to vote, and if votes equivalent to not less than 75% of the total votes cast are in favour of accepting such offer, then the Board shall send a written notice (**Participation Notice**) to the Shareholders inviting them to participate in the proposed sale to the Buyer. Those Shareholders who wish to participate in the proposed sale (**Participating Shareholders**) shall promptly (and in any event within 5 Business Days of the Participation Notice) notify the Board in writing of that fact. The Board shall then determine the number of shares which each Participating Shareholder shall sell in accordance with Article 17.3

18.3 Each Participating Shareholder shall be obliged to sell (with full title guarantee) the number of its shares as represents the Relevant Proportion of the total number of shares being sold

18.4 Each Shareholder shall take such steps as necessary to complete such transaction, including exercising their voting rights (if any) in favour of such transaction and completing, executing and delivering all documents necessary to give effect to the transfer of the relevant shares

18.5 Article 15 shall not apply to this Article 18

DECISION MAKING BY SHAREHOLDERS

19. QUORUM FOR GENERAL MEETINGS

19.1 The quorum at any general meeting of the Company, or adjourned general meeting, shall be two persons present in person or by proxy, of whom one shall be Jane Lucy or a duly authorised representative of her

19.2 No business shall be transacted by any general meeting unless a quorum is present at the

commencement of the meeting and also when that business is voted on

20. CHAIRING GENERAL MEETINGS

The chairman of the Board (if appointed) shall chair general meetings. If the chairman is unable to attend any general meeting, or no such chairman has been appointed, the shareholders shall be entitled to appoint another of the directors present at the meeting to act as chairman at the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

21. VOTING

- 21.1 At a general meeting, all matters shall be decided by a poll or a written resolution. On a poll every Voting 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 Voting Shareholder has one vote for each share of which he is the holder.

22. FAIR VALUE

22.1 The Fair Value for any shares to be transferred under this Agreement shall be

- (a) as agreed by the shareholders at the relevant time, or
- (b) failing such agreement, that proportion of the amount the Expert appointed under Article 21.2 considers in his opinion to be the fair value of the entire issued share capital of the Company that the seller's shares bear to the entire issued share capital of the Company (with no discount for the size of the seller's shareholding)

and in either case the Fair Value expressed as a price per share shall be the amount so determined divided by the number of the seller's shares.

- 22.2 If the shareholders are not able to agree the Fair Value under Article 22.1(a), they shall appoint an agreed independent expert (**Expert**) to determine the Fair Value. If the shareholders are unable to agree on an Expert within 5 Business Days, then the expert shall be an accountant nominated at the request of any shareholder by the President for the time being of the Institute of Chartered Accountants in England and Wales.
- 22.3 The Expert shall be required to deliver a determination of Fair Value within 60 days of his appointment.
- 22.4 The shareholders shall be entitled to make submissions to the Expert and shall provide (or procure that others provide) the Expert with such assistance and documents as he shall reasonably require for the purposes of making his determination.
- 22.5 The shareholders shall provide each other with such reasonable information concerning the affairs of the Company and any of its subsidiaries as will enable them to make submissions under Article 22.4.

22 6 The Expert shall act as expert and not as arbitrator and his written opinion on the matters referred to him shall, save for manifest error, be final and binding. The cost of any reference under this clause shall be borne by the shareholders equally unless the Expert shall otherwise decide in which case it shall be borne by the shareholders in the proportions indicated by the Expert.

22 7 In determining the fair value of the entire issued share capital of the Company the Expert shall rely on the following assumptions:

- (a) the sale is between a willing seller and a willing purchaser,
- (b) the shares are sold free to all restrictions, liens, charges and other encumbrances,
- (c) the sale is taking place in the date the Expert is appointed.

23. PROXIES

23 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"

ADMINISTRATIVE ARRANGEMENTS

24. MEANS OF COMMUNICATION TO BE USED

24 1 Subject to Article 23 2, 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 mail (email), one hour after the document or information was sent or supplied

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

24 2 Any notice, document or other information served on, or delivered to, an intended recipient under Article 15, Article 16, Article 17 or Article 18 (as the case may be) may not be served or delivered in electronic form (other than by fax), or by means of a website

24 3 In proving that any notice, document or information was properly addressed, it shall be sufficient to show that the notice, document or information was delivered to an address permitted for the purpose by the Act

25. INDEMNITY AND INSURANCE

25 1 Subject to Article 25 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

25 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

25 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

25 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