

**ODDBOX DELIVERY LTD**  
Company number 09638976

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**ARTICLES OF ASSOCIATION**

(Adopted on 16 March 2020)

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**SHOOSMITHS**

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WEDNESDAY

  
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COMPANIES HOUSE

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**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION OF**  
**ODDBOX DELIVERY LTD (THE "COMPANY")**

**PART A**

**1 INTERPRETATION**

1.1 In these Articles the following definitions apply:

<b>"Act"</b>	the Companies Act 2006;
<b>"acting in concert"</b>	has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended);
<b>"Adoption Date"</b>	the date of adoption of these Articles being 16 March 2020;
<b>"Allocation Date"</b>	has the meaning given in Article 9.5.1;
<b>"Allocation Notice"</b>	has the meaning given in Article 9.5.2;
<b>"Anti-Dilution Shares"</b>	shall have the meaning given in Article 5.1;
<b>"A1 Ordinary Shares"</b>	the A1 Ordinary Shares of £0.001 each in the capital of the Company;
<b>"A2 Ordinary Shares"</b>	the A2 Ordinary Shares of £0.001 each in the capital of the Company;
<b>"Arrears"</b>	in relation to any Share, all accruals, deficiencies and arrears of any dividend payable in respect of such Share, whether or not earned or declared and irrespective of whether or not the Company has had, at any time, sufficient distributable profits to pay such dividend, together with all interest payable thereon;
<b>"Articles"</b>	the Company's articles of association for the time being in force;
<b>"Asset Sale"</b>	the disposal by any one or more Group Companies of assets (whether together with associated liabilities or otherwise and whether as part of an undertaking or otherwise) which represent 50% or more (by book value) of the consolidated gross tangible assets of the Group at that time;

<b>"Auditors"</b>	the auditors of the Company for the time being or, if the auditors are unable or unwilling to act in connection with the reference in question, a chartered accountant nominated by the Board with the consent of the Investor Director and engaged on such terms as the Board with the consent of the Investor Director and acting as agent for the Company and each relevant member shall, in their absolute discretion, see fit;
<b>"Bad Leaver"</b>	<p>a holder of Ordinary Shares who becomes a Leaver by reason of:</p> <ul style="list-style-type: none"><li>a) evidenced fraud, malfeasance, gross misconduct, summary dismissal or conduct involving dishonesty (other than, in the case of dishonesty, a trivial matter in the opinion of the Investor Director, acting reasonably); or</li><li>b) in the case of the Founder, is in breach of any of her or his obligations under clause 12 (Restrictive Covenants) under the Investment Agreement;</li></ul>
<b>"bankruptcy"</b>	includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
<b>"Beneficial Owner"</b>	has the meaning given in the Investment Agreement;
<b>"Board"</b>	the board of directors of the Company, as constituted from time to time;
<b>"Board Invitee"</b>	has the meaning given in Article 9.3;
<b>"Bonus Issue" or "Reorganisation"</b>	any return of capital, bonus issue of shares or other securities of the Company by way of capitalisation of profits or reserves or any consolidation or sub-division or redenomination or any repurchase or redemption of shares or any variation in the subscription price or conversion rate applicable to any other outstanding shares of the Company in each case other than shares issued as a result of the events set out in Article 40.2;
<b>"B Ordinary (Non-Voting) Shares"</b>	the B ordinary (non-voting) shares of £0.001 each in the capital of the Company;
<b>"business days"</b>	any day (other than a Saturday, Sunday or a bank or public holiday in the United Kingdom) on which clearing banks in the city of London are generally open for business;
<b>"Buyer"</b>	has the meaning given in Article 9.5.2;
<b>"Chair"</b>	the Chair of the Board appointed pursuant to Article 26;
<b>"Chair of the meeting"</b>	has the meaning given in Article 61.3;
<b>"Civil Partner"</b>	in relation to an individual member, a civil partner as defined in the Civil Partnerships Act 2004;

<b>"Companies Acts"</b>	the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the Company;
<b>"Company's Lien"</b>	has the meaning given in Article 45.2;
<b>"Compulsory Transfer Notice"</b>	has the meaning given in Article 8.2;
<b>"Compulsory Transfer Shares"</b>	<p>in relation to a holder of Ordinary Shares:</p> <ul style="list-style-type: none"><li>(a) who is a Good Leaver, 50% of all Ordinary Shares held by the relevant person(s);</li><li>(b) who is an Intermediate Leaver, in respect of all Ordinary Shares pursuant to the provisions in Article 8.3.2; and</li><li>(c) who is a Bad Leaver, all Ordinary Shares held by the relevant person(s);</li></ul> <p>in each case:</p> <ul style="list-style-type: none"><li>i) held by the Relevant Member at the time of the relevant Transfer Event;</li><li>ii) held at the time of the relevant Transfer Event by any Privileged Relation or Family Trust of the Relevant Member (which Shares were acquired by that Privileged Relation or Family Trust directly or indirectly from that Relevant Member); and</li><li>iii) acquired by the Relevant Member, their Privileged Relations or Family Trust and/or personal representatives after the occurrence of the Transfer Event;</li></ul>
<b>"Conflict Situation"</b>	any situation or matter in which any director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;
<b>"Connected Person"</b>	any person with whom any relevant person is connected (as determined in accordance with the provisions of section 1122 CTA);
<b>"Controlling Interest"</b>	an interest in Shares conferring on the holder or holders control of the Company within the meaning of Section 995 of the ITA 2007;
<b>"CTA"</b>	the Corporation Tax Act 2010;
<b>"Default Event"</b>	has the meaning given to such term in Article 4.1.2a);
<b>"Default Notice"</b>	has the meaning given to such term in Article 4.1.2b);

<b>"Determiner"</b>	the independent accountant appointed as provided in Article 15 to make a determination of a value or any matter in dispute or on which there is disagreement;
<b>"director"</b>	a director of the Company, and includes any person occupying the position of director, by whatever name called;
<b>"distribution recipient"</b>	has the meaning given in Article 52.2;
<b>"document"</b>	includes, unless otherwise specified, any document sent or supplied in electronic form;
<b>"electronic form"</b>	has the meaning given in section 1168 of the Act;
<b>"eligible director"</b>	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);
<b>"Emergency Rights Issue"</b>	any issue of Equity Securities (with Investor Consent) in the Company or any other member of the Group which the Board (acting with Investor Consent) requires to be issued to an Investor or any Investor Affiliate as part of an issue of Shares to provide funding to the Company or any Group Company for any bona fide requirements of the Group to be issued in the manner set out in Articles 40.8.1 and 40.9;
<b>"Employee"</b>	an individual who is employed by or who provides consultancy services to, the Company or any member of the Group;
<b>"Employee Shares"</b>	<p>in relation to an Employee means all Shares held by:</p> <ul style="list-style-type: none"><li>(a) the Employee in question; and</li><li>(b) any Permitted Transferee of that Employee other than those Shares held by those persons that an Investor Majority declares itself satisfied were not acquired directly or indirectly from the Employee or by reason of that person's relationship with the Employee.</li></ul>
<b>"Employee Trust"</b>	a trust, the terms of which are approved by Mercia, whose beneficiaries are the bona fide employees of the Group;
<b>"Equity Securities"</b>	has the meaning given in sections 560(1) to (3) inclusive of the Act and for the avoidance of doubt an allotment of Equity Securities includes a transfer of shares which immediately before such transfer were held by the Company as Treasury Shares;
<b>"Equity Shares"</b>	the A1 Ordinary Shares, A2 Ordinary Shares, B Ordinary (Non-Voting) Shares and Ordinary Shares in issue from time to time;



**"Family Trust"**

a trust which permits the settled property or the income from it to be applied only for the benefit of an individual member (the **"Settlor"**) and/or any Privileged Relation of that Settlor and under which no power or control is capable of being exercised over the votes of any shares which are the subject of the trust, by any person other than the trustees or the Settlor or any Privileged Relations of the Settlor;

**"Founders"**

Emilie Vanpoeringhe and Deepak Ravindran;

**"FSMA"**

the Financial Services and Markets Act 2000 (as amended from time to time);

**"fully paid"**

in relation to a Share means that the nominal value and any premium to be paid to the Company in respect of that Share have been paid to the Company;

**"Good Leaver"**

a holder of Ordinary Shares and who becomes a Leaver by reason of:

- (a) death;
- (b) physical ill health (other than through alcohol or substance abuse and as certified by two independent practitioners);
- (c) by the termination of their employment or directorship by the relevant Group Company in circumstances that are determined by a court or an Employment Tribunal to be or to amount to wrongful dismissal or unfair dismissal for a substantive reason (but not for a procedural reason only) and all rights of appeal have been exhausted or time barred;
- (d) redundancy; or
- (e) the Board (with the consent of the Investor Majority) designating the Leaver as a Good Leaver;

**"Group"**

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

**"Group Conflict Situation"**

in respect of each director, all or any of the following situations existing at any time while such person is a director:

- (a) being employed or otherwise engaged by any Group Company;
- (b) holding office, including (but not limited to) office as director, of any Group Company;
- (c) being a member of any pension scheme operated from time to time by any Group Company;
- (d) being a member of any Group Company;
- (e) participating in any share option, bonus or other incentive schemes operated from time to time by any Group Company;
- (f) participating in any benefit provided by an employee benefit trust of which the director is a beneficiary;

**"hard copy form"**

has the meaning given in section 1168 of the Act;

**"holder"**

in relation to Shares means the person whose name is entered in the register of members as the holder of the Shares;

**"instrument"**

a document in hard copy form;

**"Intermediate Leaver"**

a holder of Ordinary Shares who becomes a Leaver in circumstances where they are not a Bad Leaver or a Good Leaver;

**"Investment Agreement"**

the agreement dated on or around the Adoption Date and made between the Company and the members on that date (as amended, varied or supplemented from time to time in accordance with its terms);

**"Investor"**

a holder(s) for the time being of Investor Shares;

**"Investor Affiliate"**

members of an Investor Group and any company or fund the assets of which are managed (whether solely or jointly with others) from time to time by any Investor or any member of its Investor Group or Mercia;

**"Investor Consent"**

the prior consent in writing of Mercia;

**"Investor Director"**

has the meaning given in Article 4.5.1;

**"Investor Group"**

in relation to each Investor:

- (a) the Investor or any subsidiary or holding company of the Investor or subsidiary of a holding company of the Investor (each a **"Relevant Person"**); or
- (b) any fund of which any Relevant Person is trustee or manager; or
- (d) any fund, the managers of which are advised by any Relevant Person; or
- (e) any nominee or trustee of any Relevant Person; or
- (f) any person or firm, authority or organisation (whether or not incorporated) which is the successor in title to, or in whom is vested, or by whom responsibility is assumed for the whole or a substantial part of the functions, assets and liabilities of a Relevant Person including any person who becomes a manager or adviser of an Investor in place of or in addition to such Investor; or
- (g) any co-investment scheme, being a scheme under which certain officers, employees or partners of a Relevant Person or its adviser or manager are entitled or required (as individuals or through a body corporate or any other vehicle) to acquire shares which the Relevant Person would otherwise acquire or has acquired;

**"Investor Majority"**

the holder(s) for the time being of more than 50% by nominal value of all Investor Shares;

**"Investor Shares"**

the A1 Ordinary Shares and the A2 Ordinary Shares in issue from time to time;

**"Issue Price"**

in relation to any Share, the amount paid up or credited as paid up on such Share including the full amount of any premium at which such Share was issued (if any);

**"ITA"**

the Income Tax Act 2007;

**"Leaver"**

the Founders and any member who holds (or whose Permitted Transferee(s) holds) Ordinary Shares who, being an employee of, or consultant to, a Group Company, ceases to be an employee or consultant for any reason and does not continue as or immediately become an employee of, or a consultant to, a Group Company;

**"Lien Enforcement Notice"**

has the meaning given in Article 45.3.2;

<b>"Listing"</b>	<p>the successful application and admission of all or any of the Shares or shares in the Company's holding company, or securities representing such Shares or shares to:</p> <ul style="list-style-type: none"><li>(a) the Official List of the UK Listing Authority and the grant of permission for the same to be traded on the Main Market of the London Stock Exchange plc;</li><li>(b) trading on the AIM market operated by the London Stock Exchange plc; or</li><li>(c) any recognised investment exchange (as defined in section 285 of FSMA);</li></ul>
<b>"Manager"</b>	<p>has the meaning given in the Investment Agreement or any person who accedes to the Investment Agreement as a Manager under the terms thereof from time to time;</p>
<b>"Market Value"</b>	<p>the price per Share determined in accordance with Article 9.2.2;</p>
<b>"Material or Persistent Breach"</b>	<p>means either:</p> <ul style="list-style-type: none"><li>(a) any fundamental breach of a term of the Investment Agreement and/or these Articles; or</li><li>(b) any continuous breach(es) of a term of the Investment Agreement and these Articles that occurs and which is not remedied in accordance with Article 4;</li></ul>
<b>"Member of the Same Group"</b>	<p>as regards any company, a company which is for the time being a holding company or a subsidiary of that company or a subsidiary of any such holding company;</p>
<b>"Mercia"</b>	<p>Mercia Fund Management Limited (company number 06973399) or such successor entity which assumes the role of manager of, or adviser to, Investors holding (in aggregate) an Investor Majority whilst it acts as manager of, or adviser to, Investors holding (in aggregate) an Investor Majority or such other entity nominated and notified to the Company in writing, by an Investor Majority for the purposes, <i>inter alia</i>, of giving Investor Consents;</p>
<b>"New Securities"</b>	<p>any shares or other securities convertible into, or carrying the right to subscribe for, those shares issued by the Company after the Adoption Date (other than shares or securities issued as a result of the events set out in Article 40.2) excluding for the avoidance of doubt any Treasury Shares transferred by the Company after the Date of Adoption;</p>
<b>"Ordinary Shares"</b>	<p>the Ordinary Shares of 0.001 each in the capital of the Company;</p>
<b>"Ordinary Shareholder"</b>	<p>a holder for the time being of Ordinary Shares;</p>
<b>"paid"</b>	<p>paid or credited as paid;</p>

- "participate"** in relation to a directors' meeting, has the meaning given in Article 24.1;
- "Permitted Transferee"** in relation to:
- (a) a member who is an individual, any of their Privileged Relations or the trustees of a Family Trust;
  - (b) a member which is a company, a Member of the Same Group as that company;
  - (c) an Investor, any transferee specified in Article 7.2 or an Investor Affiliate;
- "Privileged Relation"** Civil Partner, spouse, widow or widower of the member and the member's children and grandchildren (including legitimate, illegitimate, step and adopted children and their issue);
- "Proceeds"** in respect of:
- (a) a Listing, the market value of the Shares in issue at the Realisation Date (including, for the avoidance of doubt, Shares issued pursuant to the exercise of any share options granted by the Company from time to time) (or, as the case may be shares in the capital of the Company's holding company) determined by reference to the price per share at which such shares are to be offered for sale, placed or otherwise marketed pursuant to the arrangements relating to the Listing, all as determined by the merchant bank (or, if none, the broker) appointed by the directors to advise in connection with the Listing;
  - (b) a Share Sale, the aggregate price paid or payable for the Shares in issue at the Realisation Date (including Shares issued pursuant to the exercise of any share options granted by the Company from time to time) together with the cash value of any other consideration (in cash or otherwise) received or receivable by the holders of the Shares which, having regard to the substance of the Share Sale as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of the Shares (for the avoidance of doubt, including non-contingent deferred consideration but excluding any amount to be provided by a purchaser to procure the repayment by any Group Company of any bank debt or other borrowings); and
  - (c) an Asset Sale, the aggregate price paid or payable for the assets being sold together with the cash value of any other consideration (in cash or otherwise) received or receivable by the Company or any Group Company which, having regard to the substance of the Asset Sale as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of those assets (for the avoidance of doubt, including non-contingent deferred

consideration, but excluding, for the avoidance of doubt, any amount to be provided by a purchaser to procure the repayment by any Group Company of any bank debt or other borrowings),

provided that to the extent that the relevant Realisation includes an element of contingent or conditional deferred consideration its value shall not be included in the calculation of the Proceeds until such deferred consideration is received by the holders of the Shares (or, in the case of an Asset Sale, the Company or a Group Company) in which case the full value of the amount actually received shall then be taken into account;

<b>"Proposed Price"</b>	has the meaning given in Article 9.1.2d);
<b>"proxy notice"</b>	has the meaning given in Article 67.1;
<b>"Qualifying Person"</b>	has the meaning given in section 318 of the Act;
<b>"Realisation"</b>	a Share Sale, an Asset Sale or a Listing;
<b>"Realisation Date"</b>	in respect of  (a) a Listing, the date on which dealings in the Company (or, as the case may be, the Company's holding company) are permitted to commence; and  (b) a Share Sale or an Asset Sale, the date of receipt from the buyer(s) of the consideration first payable on completion of that Share Sale or Asset Sale;
<b>"Relevant Date"</b>	has the meaning given in Article 9.2.3;
<b>"Relevant Member"</b>	a member (other than Investors) in respect of whom Mercia has notified the Company that an event shall be treated as a Transfer Event in accordance with Article 8.1;
<b>"Sale Shares"</b>	has the meaning given in Article 9.1.2b);
<b>"Seedrs Nominated Custodian"</b>	has the meaning given in the Investment Agreement;
<b>"Seller"</b>	has the meaning given in Article 9.1.1;
<b>"Selling Share"</b>	has the meaning given in Article 10.7;
<b>"Series of Related Transactions"</b>	shall mean where there are two or more sales and/or transfers of Shares which relate to the same circumstances or transaction and provided that such sales and/or transfers are conducted over a period not exceeding six calendar months;
<b>"Shareholders"</b>	the shareholders for the time being and from time to time of the Company and all persons who have an unconditional right to become registered holders of any of the shares in the Company and <b>"Shareholder"</b> means any one of them;

<b>"Shares"</b>	shares in the capital of the Company;
<b>"Share Sale"</b>	the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or a series of transactions) which would, if completed, result in the buyer of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest;
<b>"Starting Price"</b>	£40.30633 (if applicable, adjusted as referred to in Article 5.3);
<b>"Total Transfer Condition"</b>	has the meaning given in Article 9.1.2e);
<b>"Transfer Event"</b>	has the meaning given in Article 8.1;
<b>"Transfer Event Date"</b>	<p>the date on which a Transfer Event occurred and so that the date on which a member becomes a Leaver shall be (or deemed to be) whichever is the first to occur of:</p> <ul style="list-style-type: none"><li>(a) the date of a notice given by a Group Company to the member terminating (or purporting to terminate) that member's employment, directorship or engagement with the Group (or, if later, the date specified in any such notice as being the termination date) regardless of whether any such notice constitutes unfair or wrongful dismissal;</li><li>(b) the date of a notice given by a member to a Group Company terminating (or purporting to terminate) that member's employment, directorship or engagement with the Group (or, if later, the date specified in any such notice as being the termination date) regardless of whether any such notice may lawfully be given by the member;</li><li>(c) the date on which a repudiatory breach of any contract of employment or engagement by either the member or a Group Company is accepted by the other party to that contract;</li><li>(d) the date of any event which results in the termination of the contract of employment or engagement under the doctrine of frustration; or</li><li>(e) in any circumstances other than those specified in paragraphs (a) to (d) above the date on which the member actually ceases to be employed or engaged by the Group;</li></ul>
<b>"Transfer Event Notice"</b>	a notice in writing that a Transfer Event has occurred;
<b>"Transfer Notice"</b>	has the meaning given in Article 9.1.1;
<b>"Transfer Price"</b>	the price determined in accordance with Article 9.2.1;
<b>"transmittee"</b>	a person entitled to a Share by reason of the death or bankruptcy of a member or otherwise by operation of law;

**"writing"**

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; and

**"Yield"**

a return equal to an annual simple (and non-compounding) rate of interest on the aggregate Issue Price of all A1 Ordinary Shares of 3% above the average one year LIBOR rate during the month prior to the Adoption Date.

1.2 Save as otherwise specifically provided in these Articles, words and expressions contained in these Articles bear the same meaning as in the Act as in force on the date when these Articles become binding on the Company.

1.3 In these Articles:

1.3.1 reference to a "subsidiary" or "holding company" is to be construed in accordance with section 1159 of the Act and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of:

a) another person (or its nominee), whether by way of security or in connection with the taking of security; or

b) its nominee,

and in the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Companies Act 2006 shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights;

1.3.2 unless otherwise specified, reference to a "**person**" includes any natural person, individual, company, firm, corporation, partnership, foundation, association, organisation, trust or any undertaking (in each case whether or not having separate legal personality);

1.3.3 a reference to an "**Article**" is a reference to the relevant article of these Articles unless expressly provided otherwise;

1.3.4 unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:

a) any subordinate legislation from time to time made under it; and

b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts;

1.3.5 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; and



1.3.6 any reference to a matter to be "**Determined**" or to be referred for "**Determination**", shall mean that the matter is to be determined by a Determiner as provided in Article 15.

1.4 Headings in the Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

1.5 In the event of there being any conflict or inconsistency between any provision in Part B of these Articles and any provision in Part C of these Articles, the provision in Part B shall prevail, whether or not the Part C provision is expressed to be subject to Part B.

## **2 MODEL ARTICLES**

The relevant model articles (within the meaning of section 20 of the Act) are excluded.

## **3 LIABILITY OF MEMBERS**

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

### **3A PURPOSE**

3A.1 The purposes of the Company are to promote the success of the Company for the benefit of its members as a whole and, through its business and operations, to have a material positive impact on society and the environment, take as a whole.

3A.2 A Director shall have regard (among other matters) to:

3A.2.1 the likely consequence of any decision in the long terms,

3A.2.2 the interests of the Company's employees,

3A.2.3 the need to foster the Company's business relationship with suppliers, customers and others,

3A.2.4 the impact of the Company's operations on the community and the environment,

3A.2.5 the desirability of the Company maintaining a reputation for a high standard of business conduct, and

3A.2.6 the need to act fairly as between members of the Company, (together the matters referred to above shall be defined for the purposes of this Article as the "**Stakeholder Interests**").

3A.3 For the purposes of a Director's duty to act in the way they consider, in good faith, most likely to promote the success of the Company, a Director shall not be required to regard the benefit of any particular Stakeholder Interest or group of Stakeholder Interests as more important than any other.

3A.4 Nothing in this Article 3A express or implied, is intended to or shall create or grant any right or any cause of action to, by or for any person (other than the Company).

3A.5 The Directors of the Company shall for each financial year of the Company prepare a strategic report as if sections 414A(1) and 414C of the Companies Act (as in force at the date of adoption of these Articles) applies to the Company whether or not they would be required to do so otherwise than by this Article 3A.

## PART B

### 4 SHARE RIGHTS

The rights attaching to the respective classes of Shares shall be as follows:

#### 4.1 As regards voting:

4.1.1 Subject to Articles 4.1.2 and 8.6 and any other provisions in these Articles concerning voting rights, each Equity Share shall carry the right to attend, speak at and vote at all general meetings of the Company.

#### 4.1.2 If:

- a) any of the events, circumstances or failures specified in Article 4.1.3 (each a **"Default Event"**) shall, without Investor Consent, have occurred or be subsisting; and
- b) Mercia gives notice to the Company that any such event has occurred or is subsisting (such notice being a **"Default Notice"**),

then immediately on receipt by the Company of such notice:

- i the Ordinary Shareholders (or any proxy or proxies of such holders) shall cease to be entitled to receive notice of, or to attend, speak and vote (whether on a show of hands or on a poll) at any general meetings of the Company;
- ii the voting rights attaching to the Investor Shares shall be enhanced such that the holders of the Investor Shares shall be entitled to cast 95% of the total number of votes capable of being cast by all the members;
- iii the provisions of Article 25.7 shall apply;
- iv an Investor Majority shall be entitled to appoint (and remove) such number of directors to the Board as it, in its sole discretion, may determine; and
- v provided always that the provisions of Articles 40.8 to 40.10 (inclusive) are complied with, new Shares may be issued, ranking ahead of or pari passu with the Ordinary Shares without the consent of the holders of the Ordinary Shares.

The provisions of this Article 4.1.2 shall continue for so long as such event, circumstance or failure subsists or until receipt by the Company of notice from Mercia in terms that the relevant Default Event is no longer considered by Mercia as being a Default Event or to the extent possible without adversely affecting the VCT status of the Investor Shares.

#### 4.1.3 The events, circumstances or failures referred to in Article 4.1.2 are:

- a) any of the Company, a director (other than an Investor Director) or a Shareholder being in Material or Persistent Breach of these Articles or clause 10 and schedule 4 of the Investment Agreement which is either incapable of

remedy or, if capable of remedy, is not remedied within 14 days of a written notice from Mercia to remedy it; or

- b) there has been proposed a resolution for the winding up of the Company or the Company is unable to pay its debts as they fall due pursuant to section 123 of the Insolvency Act 1986 or where any mortgage, charge, pledge, lien, encumbrance or other security interest over the Company or the assets of the Company becomes enforceable.

4.1.4 If any of the events or circumstances specified in Article 4.1.5 shall have occurred or be subsisting the Shares held by that Ordinary Shareholder and any Shares formerly held by that Ordinary Shareholder which have been transferred either in breach of the provisions of these Articles or in accordance with Article 7 (Permitted Transfers) shall immediately cease to entitle the holders thereof to attend, speak and vote (whether on a show of hands or on a poll) at any general meetings of the Company. The provisions of this Article 4.1.4 shall continue:

- a) (in the case of Article 4.1.5a), for so long as such breach subsists; or
- b) in the case of Articles 4.1.5b) and 4.1.5c), until such time as such person ceases to be a holder of Ordinary Shares (as applicable); or
- c) where Mercia confirms in writing (at its sole discretion) that this Article 4.1.4 shall not otherwise apply.

4.1.5 The events or circumstances referred to in Article 4.1.4 are:

- a) an Ordinary Shareholder being in material or persistent breach of the provisions of Articles 4 to 5 (inclusive) and Articles 8 to 12 (inclusive) of these Articles or the Investment Agreement;
- b) the Company being entitled to terminate any service agreement by reason of a repudiatory breach thereof by an Ordinary Shareholder; or
- c) an Ordinary Shareholder becoming a Leaver.

#### 4.2 As regards income:

4.2.1 The Company shall not declare or pay any dividends unless the Company obtains Investor Consent to any such dividend.

4.2.2 Subject to Article 4.2.1, any profits which the Company, on the recommendation of the Board, determines to distribute shall be distributed to the holders (from time to time) of the Equity Shares. Any such dividend shall be paid in cash and shall be distributed amongst the holders of the Equity Shares pro rata according to the number of such Shares held by each of them as if they constituted one class of Share.

#### 4.3 As regards capital:

4.3.1 On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or Company purchase of Shares), the surplus assets available after payment of the Company's liabilities ("**Available Amount**") shall be distributed (to the extent that the Company is lawfully permitted to do so) among the holders of Equity Shares pro rata (as if the Equity Shares constituted one and the same class) to the number of Equity Shares held **PROVIDED THAT** the proportion of the Available

Amount to be distributed to the holders of the Investor Shares (in aggregate) shall be allocated (as amongst themselves only) as to X to the holders of the A1 Ordinary Shares and Y to the holders of the A2 Ordinary Shares.

4.3.2 For the purposes of Article 4.3.1:

X = an amount equal to the aggregate Issue Price of all A1 Ordinary Shares, together with the Yield; or, where there is a shortfall in paying such amount together with any amount due to the holders of the A2 Ordinary Shares, 99.99% of the Available Amount to be distributed to the holders of the Investor Shares (in aggregate); and

Y = the higher of:

(a) the Available Amount to be distributed to the holders of the Investor Shares (in aggregate), less X; and

(b) 0.01% of the Available Amount to be distributed to the holders of the Investor Shares (in aggregate).

4.3.3 Subject to Article 4.3.4, on a Realisation, notwithstanding anything to the contrary in the terms and conditions governing such Realisation, the selling holders (immediately prior to such Realisation) or the Company (as appropriate) shall procure that the consideration (whenever received) shall be paid into a designated trustee account and shall be distributed amongst such selling holders in the following order of priority:

a) firstly, in paying the holders of the Investor Shares subject to the Realisation an amount equal to the greater of:

i per Investor Share, the Issue Price of those Investor Shares as if they constituted one class of Share; and

ii the Investors' share of the Proceeds,

(save that it will be 99.9999% of any amount to be distributed under Article 4.3.3a) or Article 4.3.3a)ii in the event of an Asset Sale, with the balance to be distributed to the holders of Ordinary Shares), and

b) thereafter distributing the balance of the Proceeds (if any) to the holders of the Ordinary Shares subject to the Realisation on a pari passu basis after payment to the holders of Investor Shares in accordance with Article 4.3.3a) (save that it will be 99.9999% of any amount to be distributed under this Article 4.3.3b) in the event of an Asset Sale, with the balance to be distributed to the holders of A1 Ordinary Shares and A2 Ordinary Shares).

4.3.4 Where Proceeds are distributed on a Realisation pursuant to Article 4.3.3:

a) immediately before a Listing or an Asset Sale, the Company and the shareholders shall enter into such reorganisation of the share capital of the Company (whether by the issue of bonus shares or otherwise) as the Board (with Investor Consent) shall reasonably determine to ensure that the Proceeds are allocated between the members in the same proportions as the provisions of Article 4.3.3 would provide in respect of the Proceeds from a Share Sale (and, in the case of an Asset Sale, on the basis that such Proceeds

shall be distributed to the members immediately following such reorganisation in accordance with these Articles);

- b) on each occasion on which any contingent or conditional deferred consideration disregarded in the definition of Proceeds shall in fact be received, the provisions of Article 4.3.3 shall be reopened and reapplied as at the date of receipt of such deferred consideration treating that receipt as an amount actually received at the Realisation Date under the definition of Proceeds to determine the allocation of such deferred consideration and, for that purpose, the calculations used in allocating consideration already received shall be reworked provided that no value already allocated shall be reallocated and this provision shall only serve to allocate the additional consideration later received;
- c) each member which is not an Investor shall be deemed hereby irrevocably to appoint such person as shall be nominated for this purpose by the Board as their agent for the purposes of executing and delivering and doing any acts deeds and things as are required on their part by this Article 4.3.4;
- d) any dispute in respect of the Proceeds or in respect of any reorganisation of the share capital of the Company in accordance with Article 4.3.4a) which has not been resolved within 10 business days prior to the proposed Realisation Date shall be referred to the Determiner for Determination in accordance with Article 15; and
- e) the cap in Article 4.7.2 shall not apply where the Realisation is a Share Sale or a Listing.

#### 4.4 As regards class consents:

- 4.4.1 Whenever the Share capital of the Company is divided into different classes of Shares, the special rights attached to any class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 75% in nominal value of the issued Shares of that class, save that the special rights attached to the A1 Ordinary Shares or the A2 Ordinary Shares may only be varied or abrogated with Investor Consent.
- 4.4.2 Without prejudice to the generality of Article 4.4.1, the special rights attaching to the A1 Ordinary Shares and the A2 Ordinary Shares shall be deemed to be varied by the occurrence of any of the following events:
  - a) any variation to the issued share capital of any Group Company or the rights attaching to any of the Shares, or the creation, allotment, issue or redemption of any shares or securities or the grant of agreeing to grant any option or right to require the allotment or issue of, or subscribe for, or convert any instrument into any share or securities of any Group Company or cancelling or accepting the surrender of any such right to subscribe or convert;
  - b) the reduction of the Company's share capital, share premium account, capital redemption reserve or any other reserve or the purchase by the Company of any of its own Shares;
  - c) any alteration to the Articles or the articles of association of any Group Company;

- d) instituting any proceedings or taking any steps in relation to or in preparation for the winding up, administration or dissolution of, or the appointment of an administrator or administrative receiver in respect of, any Group Company;
- e) the declaration or payment of a distribution or return of a capital or income nature to any person;
- f) the capitalisation of any undistributed profits (whether or not the same are available for distribution and including profits standing to the credit of any reserve) or any sums standing to the credit of the share premium account or capital redemption reserve fund of any Group Company;
- g) any disposal of the whole or substantially the whole of the business of the Company or any Group Company or any of the shares in any Group Company;
- h) the declaration, making or payment of any dividend or other distribution to holders other than as expressly permitted under the Articles;
- i) any change in the accounting reference date of the Company or any Group Company;
- j) the appointment or removal of auditors (other than the reappointment of the existing auditors);
- k) the appointment or removal of any director (including an Investor Director) or Chair of the Company;
- l) the acquisition of any interest in any share in the capital of any company by any Group Company;
- m) the establishment of or variation to any employee share option scheme;
- n) the calling of a meeting of the Company to effect or approve any matter which would by virtue of this Article be a variation of the class rights of the A1 Ordinary Shares or the A2 Ordinary Shares;
- o) the creation by any Group Company of any mortgage, charge, pledge, lien, encumbrance or other security interest (excluding an interest arising by operation of law in the ordinary course of business); or
- p) any return of capital of the Company or any Group Company or Realisation.

**4.5 As regards appointment of directors and observers:**

- 4.5.1 An Investor Majority may from time to time appoint, and to maintain in office, one person as a director (an "**Investor Director**" (which expression shall, where the context so permits, include a duly appointed alternate of such director)) and to remove any such Investor Director and to appoint a replacement.
- 4.5.2 Subject to section 168 of the Act, on any resolution to remove an Investor Director the A1 Ordinary Shares shall together carry one vote in excess of 50% of all the other votes exercisable in relation to such resolution and if any such Investor Director is removed pursuant to section 168 of the Act or otherwise the Investors may reappoint him or such other person as an Investor Director.

4.5.3 The holders of the A1 Ordinary Shares shall from time to time (and on a meeting by meeting basis as required) have the right to nominate, by notice in writing from Mercia, one person to be an observer, who shall be entitled to:

- a) receive notice of all meetings of the directors (and committees of directors) of each Group Company;
- b) receive copies of all board papers as if he were a director of each such Group Company; and
- c) attend, propose resolutions and speak at (but not vote) at any meeting of the directors (and committees of directors) of each Group Company.

4.5.4 Any appointment or removal pursuant to Article 4.5.1 shall be made by notice in writing from Mercia to the Company and shall take effect immediately on receipt (or deemed receipt) by the Company or, if later, on such date (if any) as may be specified in the notice.

4.5.5 Upon written request from Mercia the Company shall procure that the Investor Director is forthwith appointed as a director of any other Group Company indicated in such request.

**4.6 As regards quorums:**

4.6.1 No meeting of the directors shall be quorate unless the Investor Director (or a duly appointed alternate director of the Investor Director) and, if appointed as director, one Founder and the Chair is present, save that if:

- a) there is no Investor Director in office for the time being;
- b) such Investor Director has, in respect of any particular meeting (or part of a meeting), otherwise agreed in writing ahead of such meeting; or
- c) such Investor Director is not, in respect of any particular meeting (or part of a meeting), an eligible director;

the provisions of Article 25.2 shall apply. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting or if, during a meeting, such quorum ceases to be present, Article 25.3 shall apply.

**4.7 50% caps on Corporate Shareholders and their Connected Persons:**

4.7.1 The limitations in this Article 4.7 shall apply to:

- a) any Investor and any holder of Shares that is a "company" for the purpose of the independence requirement in section 296(2) of ITA (a "**Corporate Shareholder**"); and
- b) any Shareholder that is a Connected Person in relation to that Corporate Shareholder (a "**Relevant Connected Person**").

4.7.2 At any time, on a liquidation or other return of capital event (including, on an Asset Sale, the redemption or repurchase of Shares) the aggregate amount payable to any Corporate Shareholder and all of its Relevant Connected Persons shall not exceed 50 per cent of the assets of the Company available for distribution amongst the participators (as defined in section 454 of CTA) of the Company at that time.

- 4.7.3 At any time, on a distribution of any profits of the Company by way of dividend or otherwise (including on the redemption or repurchase of Shares) no distribution shall be made to any Corporate Shareholder and all of its Relevant Connected Persons if, and to the extent that, the aggregate amount that would (but for this Article 4.7.3) be payable to that Corporate Shareholder and its Relevant Connected Persons would exceed 50% of the total amount of the profits of the Company available for distribution at that time.
- 4.7.4 Save where Article 4.1.2 applies at any time the aggregate number of votes attaching to all the Equity Shares held by any Corporate Shareholder and all of its Relevant Connected Persons shall be restricted to the lower of:
- a) 49.99% of the votes attaching to all Equity Shares; and
  - b) the total number of votes that would have been conferred on such holders of Equity Shares if this Article 4.7.4 did not apply.

## 5 ANTI-DILUTION PROTECTION

- 5.1 If New Securities are issued by the Company at a price per New Security which equates to less than the Starting Price (excluding any shares transferred pursuant to Article 7 (Permitted Transfers) or issued pursuant to any share option plan) (a "**Qualifying Issue**") (which in the event that the New Security is not issued for cash shall be a price certified by the Auditors acting as experts and not as arbitrators as being in their opinion the current cash value of the new consideration for the allotment of the New Securities) then the Company shall, unless the Investor Majority shall have specifically waived the rights of all of the Investor Shares, issue to each holder of Investor Shares (the "**Exercising Investor**") a number of new Investor Shares determined by applying the following formula (and rounding the product, N, down to the nearest whole share), subject to adjustment as certified in accordance with Article 5.3 (the "**Anti-Dilution Shares**"):

Where:

N = Number of Anti-Dilution Shares to be issued to the Exercising Investor

$$N = \left( \left( \frac{IP}{WA} \right) \times Z \right) - Z$$

$$WA = \frac{(IP \times ESC) + (QISP \times NS)}{(ESC + NS)}$$

IP = Issue Price;

ESC = the number of Equity Shares in issue plus the aggregate number of shares in respect of which options to subscribe have been granted, or which are subject to convertible securities (including but not limited to warrants) in each case immediately prior to the Qualifying Issue;

QISP = the average per share price of the New Securities issued pursuant to the Qualifying Issue (which in the event that that New Security is not issued for cash shall be the sum certified by the Auditors acting as experts and not arbitrators as being in their opinion the current cash value of the non cash consideration for the allotment of the New Security);



NS = the number of New Securities issued pursuant to the Qualifying Issue;

Z = the number of Investor Shares held by the Exercising Investor prior to the Qualifying Issue.

5.2 The Anti-Dilution Shares shall:

5.2.1 be paid up by the automatic capitalisation of available reserves of the Company, unless and to the extent that the same shall be impossible or unlawful or the Exercising Investors shall agree otherwise, in which event the Exercising Investors shall be entitled to subscribe for the Anti-Dilution Shares in cash at par (being the par value approved in advance by Investor Director Consent) and the entitlement of such Exercising Investors to Anti-Dilution Shares shall be increased by adjustment to the formula set out in Article 5.1 so that the Exercising Investors shall be in no worse position than if they between the Company and any Exercising Investor as to the effect of Article 5.1 or this Article 5.2, the matter shall be referred (at the cost of the Company) to the Auditors for certification of the number of Anti-Dilution Shares to be issued. The Auditor's certification of the matter shall in the absence of manifest error be final and binding on the Company had not so subscribed at par. In the event of any dispute and the Exercising Investor; and

5.2.2 subject to the payment of any cash payable pursuant to Article 5.2.1 (if applicable), be issued, credited fully paid up in cash and shall rank *pari passu* in all respects with the existing Investor Shares, within five business days of the expiry of the offer being made by the Company to the Exercising Investor and pursuant to Article 5.2.1.

5.3 In the event of any Bonus Issue or Reorganisation, the Issue Price shall also be subject to adjustment on such basis as may be agreed by the Company with the Investor Majority within 10 business days after any Bonus Issue or Reorganisation. If the Company and the Investor Majority cannot agree such adjustment it shall be referred to the Auditors whose determination shall, in the absence of manifest error, be final and binding on the Company and each of the Shareholders. The costs of the Auditors shall be borne by the Company.

5.4 For the purposes of this Article 5:

5.4.1 any Shares held as treasury shares by the Company shall be disregarded when calculating the number of Anti-Dilution Shares to be issued;

5.4.2 any Shares issued to any Investor shall be excluded from the definition of "New Securities"; and

5.4.3 Mercia VCT Nominee Limited shall be disregarded as being a holder of "Investor Shares".

**6 TRANSFER OF SHARES - GENERAL**

6.1 For the purposes of Articles 6 to 12 inclusive any reference to a transfer of Shares includes a disposition of any interest in any Share (or the income or capital or other rights thereto) whether legal, beneficial or otherwise, including the entry into any option or other agreement (conditionally or otherwise) for the possible sale or transfer thereof or grant of any security thereover, and whether or not for consideration or by written disposition or otherwise.

6.2 No Share shall be transferred, and the directors shall not register any transfer of Shares, other than in accordance with these Articles and any transfer or purported transfer of any Share made otherwise than in accordance with these Articles shall be void and of no effect whatsoever.

- 6.3 The directors may only, and in their absolute discretion, refuse to register a transfer of Shares if they suspect that the proposed transfer may be fraudulent or if the transfer is to an infant, bankrupt or person in respect of whom, by reason of that person's mental health, a court has made an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have. Save where the directors suspect that the proposed transfer may be fraudulent, if the directors do so refuse to register the transfer of a Share, they shall return the instrument of transfer to the transferee with the notice of refusal.
- 6.4 Where any Share is transferred to an existing member holding Shares, such Share so transferred shall, on and from the time of registration of the transfer of that Share in the register of members of the Company, be immediately and automatically (without resolution of the members or directors) re-designated as a Share of the same class as the Shares already held by such member.

## 7 PERMITTED TRANSFERS

- 7.1 Any member holding Shares (the "**Original Transferor**") may, (1) subject to Investor Consent, transfer any of their Shares to such person or persons as the member think fit; or (2) transfer any of their Shares to a Permitted Transferee provided that:

7.1.1 in the case of a transfer of Shares to a Privileged Relation or Family Trust no transfer of Shares shall be permitted pursuant to this Article 7 if the registration of that transfer, when aggregated with any previous transfer or transfers by that Original Transferor pursuant to this Article 7, would result in the aggregate number of Shares so transferred representing more than 50% of the total number of Shares held for the time being by that Original Transferor; and

7.1.2 in the case of a transfer of Shares to a Privileged Relation:

- a) that Privileged Relation may only transfer such Shares to the Original Transferor;
- b) the Original Transferor shall procure, before the transfer is presented for registration, that he is appointed (on terms reasonably satisfactory to Mercia) as the attorney of that Privileged Relation to exercise, in the name of and on behalf of such Privileged Relation, all or any of the rights in relation to the Shares transferred to him and for that purpose such Privileged Relation hereby authorises the Company to send to the Original Transferor any written resolutions, notices or other communications in respect of the Shares so transferred; and
- c) if that Permitted Transferee ceases, at any time and for any reason, to be a Privileged Relation of the Original Transferor, such Permitted Transferee shall forthwith transfer all the Shares held by him to the Original Transferor. If the said Shares are not so transferred within 20 business days of that Permitted Transferee so ceasing to be a Privileged Relation, the provisions of Article 8.1 shall apply;

7.1.3 in the case of a transfer of Shares to a Family Trust or to any new trustee(s) of such Family Trust in accordance with Article 7.1.3a)i or to the trustees of another Family Trust in accordance with Article 7.1.3b)iii:

- a) Mercia being reasonably satisfied:
  - i with the terms of the instrument constituting the Family Trust;

- ii with the identity of the proposed trustee(s) of the Family Trust;
  - iii that the proposed transfer will not result in more than 50% of the Shares being held by the trustees of the Family Trust and any other trust; and
  - iv that no costs incurred in the setting up or administration of the Family Trust are to be paid by any Group Company;
- b) the Shares so transferred may be transferred to:
- i any new trustee(s) of the Family Trust appointed on a change in trustee(s);
  - ii the Settlor of such Family Trust;
  - iii the trustees of another Family Trust which has the same Settlor; or
  - iv any Privileged Relation of the Settlor of such Family Trust;
- c) if that Permitted Transferee ceases, at any time and for any reason, to be a Family Trust in relation to the Settlor or if there ceases, for any reason, to be any beneficiaries (other than charities) of that Family Trust, the trustees shall forthwith transfer all the Shares held by them to the Original Transferor. If the said Shares are not so transferred within 20 business days of that Permitted Transferee so ceasing to be a Family Trust or there so ceasing to be any beneficiaries, the provisions of Article 8.1 shall apply.

7.2 The Investors may transfer any of its Shares in accordance with this Article 7.2.

- 7.2.1 Any Investor who is a body corporate ("**Original Investor Transferor**") shall be entitled to transfer all or any of its Shares to any other body corporate which is for the time being its subsidiary or holding company or another subsidiary of its holding company (each such body corporate being a "**Related Company**") but if a Related Company whilst it is a holder of such Shares shall cease to be a Related Company of the Original Investor Transferor it shall, within 15 business days of so ceasing, transfer the Shares held by it to the Original Investor Transferor or any Related Company of the Original Investor Transferor.
- 7.2.2 Any Investor may with Investor Consent transfer any Share to any investment trust company whose shares are listed on a recognised investment exchange which is the manager of such Investor or by a holding company of such management company.
- 7.2.3 Any Investor may transfer all or any of its Shares to an Investor Affiliate or to any other member of its Investor Group.
- 7.2.4 Any Investor may transfer any Shares to any person who becomes a general partner, nominee or trustee for a limited partnership, unit trust or investment trust in place of, or in addition to, such Investor.

7.3 Notwithstanding anything to the contrary in these Articles, in respect of any Shares held by Seedrs Nominated Custodian, the following transfers shall be permitted without any restrictions and be deemed Permitted Transfers:

- 7.3.1 a transfer of Shares to the Beneficial Owner of such Shares;

7.3.2 a transfer of Shares to any person who is to hold the Shares as nominee on behalf of the Beneficial Owner in substitution for the then registered shareholder; and

7.3.3 a transfer of the beneficial ownership of such Shares, where the identity of the registered legal Shareholder remains the same before and immediately after such transfer of beneficial ownership.

## 8 COMPULSORY TRANSFERS

8.1 In this Article 8.1 each of the following shall be a "Transfer Event" in relation to a member holding Shares:

8.1.1 in respect of a member who is an individual:

- a) where, following a Permitted Transfer, the Shares held by that member's Family Trust or Privileged Relation are required to have, but have not, been transferred in accordance with Article 7.1.2c) or 7.1.3c) (as the case may be);
- b) a bankruptcy order being made against that member or that member being declared bankrupt by any court of competent jurisdiction, that member making an offer to make any arrangement or composition with their creditors generally or if a trustee, receiver, administrative receiver, administrator or liquidator or similar officer is appointed in respect of all or any part of the business and assets of that member;
- c) by reason of that member's mental health, that member is admitted to hospital or a court makes an order which wholly or partly prevents that member from personally exercising any powers or rights which that member would otherwise have; and
- d) if that member becomes a Leaver.

8.1.2 in respect of a member which is a company that member either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets (other than as part of a bona fide restructuring or reorganisation), the relevant Shareholder (and all its Permitted Transferees) shall be deemed to have given a Transfer Notice in respect of all the shares held by the relevant Shareholder and its Permitted Transferees save to the extent that, and at a time, the Directors may determine **PROVIDED THAT** in the case of Seedrs Nominated Custodian, it shall first have 10 business days in which to transfer its shares to the respective Beneficial Owner, nominee on behalf of such Beneficial Owner or any Member of the Same Group, before this Article 8.1.2 shall apply to it; or

8.1.3 in respect of a member which is a company, if there is a change of control (as that expression is defined in section 1124 of the CTA) of that member (being a corporate member) **PROVIDED THAT** in the case of Seedrs Nominated Custodian, it shall first have 10 business days in which to transfer its shares to the respective Beneficial Owner, nominee on behalf of such Beneficial Owner or any Member of the Same Group, before this Article 8.1.3 shall apply to it;

8.1.4 in respect of any member, that member transferring, attempting to transfer or agreeing to transfer Shares otherwise than in accordance with these Articles,

and, in any such case, Mercia serves on the Company a Transfer Event Notice, within the 12 months following the date on which Mercia becomes aware that the relevant Transfer Event

has occurred, that such event is a Transfer Event in relation to that member for the purposes of this Article 8.1.

8.2 Upon the service of the Transfer Event Notice, the Relevant Member and any other person holding Compulsory Transfer Shares shall be deemed to have served a Transfer Notice (a "**Compulsory Transfer Notice**") in respect of the Compulsory Transfer Shares held by each of them respectively. A Compulsory Transfer Notice shall supersede any current Transfer Notice in respect of any Compulsory Transfer Shares.

8.3 The Compulsory Transfer Shares shall be offered for sale in accordance with the provisions of Article 9 (Pre-emption on Transfer) as if the Compulsory Transfer Shares were Sale Shares except that where the relevant Transfer Event falls within the provisions of Article 8.1.1d), the Transfer Price in respect of the Compulsory Transfer Shares shall be:

8.3.1 where the Relevant Member is a Bad Leaver, nominal value;

8.3.2 where the Relevant Member is an Intermediate Leaver (unless otherwise agreed with Investor Consent):

a) the proportion of their Shares the subject of a Compulsory Transfer Notice as indicated in column (3) of the table below, the Market Value of the relevant shares; and

b) the proportion of their Shares the subject of a Compulsory Transfer Notice as indicated in column (2) of the table at nominal value; and

in each case dependent upon the period of time elapsed since the Adoption Date as indicated in column (1) of the table below:

(1)	(2) Transfer at nominal value (% of Leaver's holding)	(3) Transfer at Market Value (% of Leaver's holding)	(4) Retained by Founder (% of Leaver's Holdings)
<b>Good Leaver</b>	0	50	50
<b>A Leaver who becomes an Intermediate Leaver:</b>			
within 12 months of the Adoption Date	60	20	20
on or after the date falling 12 months after the Adoption Date but before the date falling 24 months after the Adoption Date	40	30	30
on or after the date falling 24 months after the Adoption Date but before the date falling 36 months after the Adoption Date	20	40	40

on or after the date falling 36 months after the Adoption Date	0	50	50
<b>Bad Leaver</b>	100	0	0

8.3.3 where the Relevant Member is a Good Leaver, the Market Value of 50% of all that Relevant Member's Ordinary Shares.

8.4 Any dispute as to whether the provisions of Article 8.3 apply in relation to any Compulsory Transfer Notice shall not affect the validity of a Compulsory Transfer Notice nor shall it delay the procedure to be followed under Article 9 in respect thereof.

8.5 Subject to Article 8.6 and notwithstanding the remaining provisions of this Article 8, a Relevant Member who has served a Compulsory Transfer Notice and the provisions of Article 8.3.2a) or Article 8.3.3 apply, such Relevant Member may, in writing to the Company, request that such shares are not subject to a Compulsory Transfer Notice and that they shall be entitled to retain such shares. The Company (with Investor Consent) may at its sole discretion (acting reasonably) determine whether to withdraw the service of such Compulsory Transfer Notice.

8.6 Where, pursuant to Article 8.5, the Company (with Investor Consent) has determined to withdraw the service of such Compulsory Transfer Notice, such retained shares by the Relevant Member shall immediately cease to carry any rights to attend, speak at or vote at any general meetings of the Company.

## 9 PRE-EMPTION ON TRANSFER

### 9.1 Transfer Notice

9.1.1 Save with Investor Consent or except as permitted under Article 7 (Permitted transfers) or as provided for in Articles 10 (Drag Along) and Article 11 (Tag Along), any member (a "Seller") who wishes to transfer any Share shall, before transferring or agreeing to transfer such Share or interest therein, give notice in writing thereof (a "Transfer Notice") to the Company;

9.1.2 Subject to Article 9.2, a Transfer Notice shall:

- a) relate to one class of Shares only;
- b) specify the number and class of Shares which the Seller wishes to transfer (the "Sale Shares");
- c) specify the name of the person (if any) to whom the Seller wishes to transfer the Sale Shares;
- d) specify the price per Share (the "Proposed Price") at which the Seller wishes to transfer the Sale Shares;
- e) state if the Transfer Notice is conditional upon all of the Sale Shares being sold pursuant to this Article 9 (a "Total Transfer Condition");

- f) constitute the Company as the agent of the Seller in relation to the sale of the Sale Shares in accordance with this Article 9; and
- g) not be capable of variation or cancellation without the written consent of Mercia or as provided for in Article 9.2.4.

9.1.3 Where a Transfer Notice is one which is deemed to have been given by virtue of any provision of these Articles (including a Compulsory Transfer Notice deemed to have been served in accordance with Article 8.2):

- a) it shall relate to all Shares registered in the name of that Seller and any Compulsory Transfer Shares;
- b) it shall be deemed not to contain a Total Transfer Condition;
- c) subject to Article 8.3, the Transfer Price shall be determined in accordance with Article 9.2;
- d) it shall be irrevocable; and
- e) Article 9.7 shall not apply.

## 9.2 Transfer Price

9.2.1 The Sale Shares will be offered for sale in accordance with this Article 9 at the following price (the "**Transfer Price**"):

- a) subject to the consent of Mercia, the Proposed Price; or
- b) such other price as may be agreed between the Seller and the Board, with the written consent of Mercia, within 10 business days of the date of service (or deemed service) of the Transfer Notice; or
- c) if no price is agreed pursuant to Article 9.2.1b) within the period specified therein, whichever is the lower of (i) the Proposed Price and (ii) the Market Value as Determined by the Determiner.

9.2.2 If the Seller and the Board are unable to agree on the Transfer Price in accordance with Article 9.2.1b) or if Mercia directs in accordance with Article 9.2.1c), the Board shall forthwith instruct the Determiner to Determine the Market Value of each Sale Share on the Relevant Date (as defined below) on the following bases:

- a) assuming a sale on the Relevant Date as between a willing seller and a willing buyer of the whole of the issued shares of the Company in the open market;
- b) attributing to the Sale Shares such valuation as the Determiner shall consider consistent with the rights of the Sale Shares under these Articles; and
- c) any difficulty in applying any of the bases set out above shall be resolved by the Determiner (acting reasonably) as it, in its absolute discretion, thinks fit.

9.2.3 For the purposes of Article 9.2.2 and any Determination of the Market Value, the "**Relevant Date**" shall, in the case of a Compulsory Transfer Notice given or deemed given under Article 8.1, the Transfer Event Date of that Leaver, and in any other case the date on which the Transfer Notice or Compulsory Transfer Notice was given or deemed given under these Articles.

- 9.2.4 Where the Market Value is less than the Proposed Price the Seller may, by notice in writing served on the Company within 5 business days of the date on which the notification of the Market Value was first served on the Seller by the Company or the Auditors, revoke any Transfer Notice which was not stated to be, or which is not deemed by virtue of any provision of these Articles to be, irrevocable.

### 9.3 Board Invitees

- 9.3.1 In these Articles, the expression "**Board Invitee**" shall mean any of:

- a) the Company (subject to compliance by the Company with the provisions of the Act); and/or
- b) the trustees of any Employee Trust; and/or
- c) any person(s) nominated by the Board (with the consent of Mercia) to hold Shares, as nominee, for a future Board Invitee; and/or
- d) any person(s) (being a current or future employee or officer of a Group Company) nominated by Mercia,

as selected by the Board with the written consent of Mercia in the period of 20 business days after the date on which the Transfer Price is agreed or determined in accordance with these Articles or, if no such persons are selected as aforesaid within that period, as selected by Mercia within a further period of 20 business days.

### 9.4 Offer Notice

- 9.4.1 The Board shall serve a notice (an "**Offer Notice**") on all members and any Board Invitees (as the case may be) to whom the Sale Shares are to be offered in accordance with these Articles within 10 business days of whichever is the first to occur of:

- a) the period prescribed in Article 9.3.1 for the selection of Board Invitees having expired; or
- b) the identity of all Board Invitees having been determined with the consent of Mercia; or
- c) the Board determining, with the consent of Mercia, that none of the Sale Shares is to be offered to a Board Invitee,

or, if later, on the Transfer Price being agreed or determined in accordance with these Articles.

- 9.4.2 An Offer Notice shall:

- a) state the Transfer Price;
- b) contain the other information set out in the Transfer Notice;
- c) invite the relevant offerees to respond in writing to the Company stating the number of Sale Shares which they wish to purchase and the expiry date by which they must respond; and



- d) expire, and the offer made therein shall be deemed to be withdrawn, on the expiry date shown therein which is not less than 10 nor more than 20 business days after the date of the Offer Notice.

9.4.3 for the purposes of allocating the Sale Shares amongst the members and any Board Invitees, which at all times shall be subject to Article 9.4.4, Sale Shares of a class specified in the first column of the table set out below will be treated as offered (unless in the case of Ordinary Shares, the Board with the written consent of Mercia, determine that such shares are to be offered firstly to Board Invitees, in which case they will be offered to Board Invitees prior to the following order below):

- a) firstly, to all persons in the category set out in the corresponding line in the second column of the table below;
- b) secondly, to the extent not already accepted by persons in the second column, to all persons in the category set out in the corresponding line in the third column in the table below; and
- c) thirdly, to the extent not already accepted by persons in the second or third columns, to all persons in the category set out in the corresponding line in the fourth column in the table below.

Class of Sale Shares	First offer to:	Second offer to:	Third offer to:
A1 Ordinary Shares	Members holding (i) A1 Ordinary Shares and (ii) A2 Ordinary Shares	All Members holding other Shares	Board Invitees
A2 Ordinary Shares	Members holding (i) A2 Ordinary Shares and (ii) A1 Ordinary Shares	All Members holding other Shares	Board Invitees
Ordinary Shares and B Ordinary (Non-Voting) Shares	Members holding Ordinary Shares and B Ordinary (Non-Voting) Shares	All Members holding other Shares	Board Invitees

9.4.4 For the purposes of Article 9.4.3, no Sale Shares shall be treated as offered to the Seller or to any member who, at the date of the Offer Notice, is bound to give, or has given or is deemed to have given a Transfer Notice in respect of any Shares registered in their name or the name of a Permitted Transferee of such person.

## 9.5 Allocation of Sale Shares

9.5.1 After the expiry of the period specified in the Offer Notice or, if sooner, upon all members holding Shares of a class specified in a column in the table in Article 9.4.3. having responded to the Offer Notice and the Company having received valid

applications for all the Sale Shares (in either case the "**Allocation Date**"), the Board shall allocate the Sale Shares in accordance with the applications received in the priorities and in respect of each class of persons set out in the table in Article 9.4.3 provided that:

- a) if there are applications from any class of offerees for more than the number of Sale Shares available for that class, the Sale Shares shall be allocated to the relevant applicants in proportion (as nearly as practicable but without allocating to any applicant more Sale Shares than he applied for) to the number of Shares of the class entitling them to receive such offer held by each of them respectively;
- b) the allocation of any fractional entitlements to Sale Shares amongst the members of a particular class of Shares shall be dealt with by the Board, with the written consent of Mercia, in such manner as it sees fit; and
- c) the allocation of Sale Shares between two or more Board Invitees shall be at the absolute discretion of the Board (subject to the written approval of Mercia).

9.5.2 Subject to Article 9.5.5 within 5 business days of the Allocation Date the Board shall give notice in writing (an "**Allocation Notice**") to the Seller and each member or Board Invitee to whom Sale Shares have been allocated pursuant to Article 9.5.1 (each a "**Buyer**"). An Allocation Notice shall state:

- a) the number and class of Sale Shares allocated to that Buyer;
- b) the name and address of the Buyer;
- c) the aggregate purchase price payable by the Buyer in respect of the Sale Shares allocated to him and if on the date of the Allocation Notice any of the Sale Shares remain partly paid, that the aggregate purchase price payable by the Buyer for the Sale Shares allocated to him be paid to the Company;
- d) the information (if any) required pursuant to Article 9.5.5; and
- e) subject to Article 9.5.5, the place, date and time (being not less than 2 nor more than 5 business days after the date of the Allocation Notice) at which completion of the sale and purchase of the relevant Sale Shares shall take place.

9.5.3 Subject to Article 9.5.4, the service of an Allocation Notice shall constitute the acceptance by a Buyer of the offer to purchase the number of Sale Shares specified therein on the terms offered to that Buyer.

9.5.4 Subject to Article 9.5.5, completion of a sale and purchase of Sale Shares pursuant to an Allocation Notice shall take place at the place, date and time specified in the Allocation Notice when the Seller will, upon payment of the Transfer Price in respect of the Sale Shares allocated to a Buyer, transfer those Sale Shares, and deliver the relevant share certificate(s) therefor, to that Buyer.

9.5.5 If the Transfer Notice contained a Total Transfer Condition and the total number of Shares applied for and allocated to the Buyers in accordance with Article 9.5.1 is less than the total number of Sale Shares then:

- a) notwithstanding any other provision of this Article 9 no Sale Shares shall be deemed to have been allocated to any Buyer and the Seller and the Buyers shall not be bound to sell or purchase any Sale Shares in accordance with this Article 9; and
- b) the Company shall notify the Seller that it has failed to find Buyers for all or some (as the case may be) of the Sale Shares.

**9.6 Default by the Seller**

9.6.1 If a Seller (a "**Defaulting Seller**") shall fail duly to transfer (or complete the transfer of) any Sale Shares to a Buyer in accordance with Article 9:

- a) the Company shall, as the agent of the Defaulting Seller appointed pursuant to Article 9.1.2f), be authorised to transfer, and complete the transfer of, those Sale Shares (including, without limitation of the generality of the foregoing, to execute and deliver any necessary stock transfer form and buy back agreement, where relevant);
- b) subject to Article 9.7, the Company:
  - i in the case of a Buyer other than the Company, may receive the necessary monies in respect of the Transfer Price in trust for the Defaulting Seller and the receipt by the Company of those monies shall constitute a good and valid discharge to the relevant Buyer; or
  - ii in the case where the Buyer is the Company, shall pay the necessary monies in respect of the Transfer Price into a separate account and hold the same on trust for the Defaulting Seller;
- c) against receipt by the Company of those monies (in trust for the Defaulting Seller) and, notwithstanding (if such is the case) that the Defaulting Seller has failed to deliver up the relevant share certificate(s), the Company shall:
  - i in the case of a Buyer other than the Company, cause the Buyer to be registered as the holder of those Sale Shares and, after such registration, the validity of the proceedings shall not be questioned by any person; or
  - ii in the case where the Buyer is the Company, cause the relevant Sale Shares to be cancelled and, after such cancellation, the validity of the proceedings shall not be questioned by any person; and
- d) the Company shall not be required to pay the monies in respect of the Transfer Price to the Defaulting Seller until he shall, in respect of the Sale Shares, have delivered a share certificate, or suitable indemnity, and necessary documentation (including any transfers and, where relevant, any buy back agreement) to the Company.

**9.7 Transfers following exhaustion of pre-emption rights**

9.7.1 If any Sale Shares are not allocated to a Buyer under any of the foregoing provisions of this Article 9 the Seller may, at any time within 3 calendar months of:

- a) the date of service of the notice referred to in Article 9.5.5b) if the Transfer Notice contained a Total Transfer Condition;
- b) the date of the final sale of Sale Shares in accordance with any Allocation Notice if the Transfer Notice did not contain a Total Transfer Condition and some only of the Sale Shares have been sold; or
- c) the expiry of the Offer Notice if the Transfer Notice did not contain a Total Transfer Condition and, the Company having not received any valid applications for any of the Sale Shares pursuant to Article 9.5.1, there are no persons to whom an Allocation Notice can be given,

sell any of those unallocated Sale Shares to the person named in the Transfer Notice (or, if none was so named, any other person) at not less than the Transfer Price (without any deduction, rebate or allowance to the proposed purchaser) provided that:

- d) no Share shall be sold to, and the Board shall not register a transfer to, a person who is not already a Member without the prior written consent of Mercia (such consent not to be unreasonably withheld or delayed);
- e) if the Transfer Notice contained a Total Transfer Condition, the Seller shall not be entitled to sell only some of the Sale Shares without the prior written consent of Mercia; and
- f) the Board shall not register the transfer if as a result of such transfer the proposed purchaser would be required to make an offer in accordance with Article 11 (Tag-along) until such time as that offer has been made and, if accepted, completed.

## 10 DRAG ALONG RIGHTS

10.1 Subject to Article 10.10, the provisions of Articles 10.2 to 10.9 (inclusive) shall apply if at any time:

10.1.1 the holders of 51% or more of the Investor Shares ("**Investor Sellers**") and the Founders; or

10.1.2 after a Default Notice has been issued by Mercia, the Investor Sellers; or

10.1.3 after the expiry of the seventh anniversary of the Adoption Date the Investor Sellers,

wish to transfer all the Investor Shares held by them to any person (other than a Permitted Transferee) (a "**Proposed Buyer**") pursuant to a bona fide third party on arm's length terms.

For the purposes of this Article 10, the Investor Sellers and the Founders referred to in Article 10.1.1, the Investors Sellers in the circumstance referred to in Article 10.1.2 and the Investor Sellers referred to in Article 10.1.3 shall hereinafter be the "**Proposing Shareholder(s)**".

10.2 The Proposing Shareholders shall have the right to give the Company not less than 25 days prior written notice (the "**Selling Notice**") of the proposed sale or transfer. The Selling Notice will include details of:

10.2.1 the Selling Shares;

10.2.2 the proposed price per Selling Share to be paid by the Proposed Buyer;

- 10.2.3 details of the Proposed Buyer; and
- 10.2.4 the place, date and time of completion of the proposed sale (being a date not less than 25 days from the service of the Selling Notice) (the "**Drag Along Completion**").
- 10.3 Immediately on receipt of a Selling Notice, the Company shall give notice in writing (the "**Drag Along Notice**") to each of the members other than the Proposing Shareholders (the "**Drag Along Shareholders**") giving the details contained in the Selling Notice and requiring each of them at the Drag Along Completion to sell to the Proposed Buyer all Shares held by them.
- 10.4 A Proposing Shareholder may withdraw a Selling Notice any time prior to actual Drag Along Completion by written notice to the Company to that effect and, on service of that notice, each Drag Along Notice shall no longer be binding and shall cease to have any effect.
- 10.5 Each Drag Along Shareholder shall, in the event of the proposed sale or transfer proceeding, sell (or procure the sale of) all the Shares held by him/her/it to the Proposed Buyer at the time of the Drag Along Completion (or at such other time as the Proposing Shareholders and the Drag Along Shareholders shall agree) at the price per Selling Share as set out in the Drag Along Notice.
- 10.6 If any of the Drag Along Shareholders shall fail to comply with the terms of Article 10.5 in any respect (each a "**Defaulting Shareholder**"):
  - 10.6.1 the Company shall be unconditionally constituted the agent of each Defaulting Shareholder for the sale of the Shares referred to in their Drag Along Notice in accordance with that notice and shall be authorised to transfer, and complete the transfer of, those Shares (including, without limitation of the generality of the foregoing, to execute and deliver any necessary stock transfer form);
  - 10.6.2 the Company may receive the necessary purchase money in trust for each Defaulting Shareholder and the receipt by the Company of that purchase money shall constitute a good and valid discharge to the Proposed Buyer;
  - 10.6.3 against receipt by the Company of the purchase money (in trust for the Defaulting Shareholder), and notwithstanding (if such is the case) that the Defaulting Shareholder has failed to deliver up the relevant share certificate(s), the Company shall cause the Proposed Buyer to be registered as the holder of the relevant Shares and, after such registration, the validity of the proceedings shall not be questioned by any person; and
  - 10.6.4 the Company shall not be required to pay the purchase monies to a Defaulting Shareholder until he shall, in respect of the Shares subject to the Drag Along Notice, have delivered a share certificate or suitable indemnity and necessary transfers to the Company.
- 10.7 The expression **price per Selling Share** used in Articles 10.2 and 10.5 shall be deemed to include an amount equal to the relevant proportions of any other consideration (in cash or otherwise) received or receivable by the holders of the Shares in question which are Equity Shares which, having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the specified Shares and, in the event of disagreement, the calculation of the price shall be referred to the Determiner for Determination.
- 10.8 The consideration payable for the Selling Shares and the Shares held by the Drag Along Shareholders shall, in aggregate, be the Proceeds for the purposes of calculating the allocation of those Proceeds amongst the members in accordance with Article 4.3.4.

10.9 Upon any person (a "**New Member**") becoming, at any time after the service of a Drag Along Notice, a registered holder of any Share pursuant to the exercise of any option, warrant or other right to subscribe for or acquire Shares, a Drag Along Notice, on the same terms as the then current Drag Along Notice, shall immediately be deemed to have been served upon that New Member. Upon the deemed service of a Drag Along Notice pursuant to this Article 10.9 the New Member shall become bound to sell and transfer to the Proposed Buyer (or as the Proposed Buyer may direct) any Share acquired by him as a result of the exercise of any such option, warrant or other right to subscribe for or acquire Shares. The provisions of this Article 10.9 shall apply mutatis mutandis to the sale of any such Shares by such New Member provided that completion of the sale and purchase of those Shares shall take place on whichever is the later of:

10.9.1 the date on which a Drag Along Notice is deemed to have been served on the New Member pursuant to this Article 10.9; and

10.9.2 the date of completion of the sale and purchase of the Shares which were the subject of the original Drag Along Notice.

10.10 Nothing under this Article 10 shall require any Investor to give any representations, warranties, indemnities or similar assurances or undertakings to any persons whatsoever nor to bear or contribute to any costs borne by any other party in relation to such representations, warranties, indemnities or similar assurances or undertakings, save for warranties that they have due authority and power to sell those Shares held by them and that good title to such Shares shall pass to the Proposed Buyer.

## 11 TAG ALONG RIGHTS

11.1 If any member other than the Investor (on their own or acting in concert with one or more other members) (the "**Selling Party**") proposes to sell or transfer in one or a Series of Related Transactions any Shares (the "**Committed Shares**") to any person or persons other than another member or a Permitted Transferee, which would, if put into effect, result in any buyer (and associates of theirs or persons acting in concert with them) acquiring a Controlling Interest in the Company, the Selling Party shall procure, before the sale or transfer that each proposed buyer (the "**Tag Along Buyer**") makes a bona fide written offer (a "**Tag Along Offer**") to each of the other members (each a "**Tag Along Shareholder**") to buy all the Shares which are not Committed Shares (the "**Uncommitted Shares**") for the same price per Share and otherwise on the same terms and conditions as those applying to the Committed Shares.

11.2 Each Tag Along Offer shall specify:

11.2.1 the price for the relevant Shares and any other principal terms and conditions of the sale or transfer;

11.2.2 the identity of the Tag Along Buyer; and

11.2.3 the period (being not less than 25 days from the service of the Tag Along Offer) for acceptance by each Tag Along Shareholder).

11.3 If, within the period specified in the Tag Along Offer any Tag Along Shareholder accepts the offer in writing, then the Selling Party shall procure that the sale by that Tag Along Shareholder of their relevant Shares, shall proceed on the same financial terms (including price per Share) and at the same time as the sale of the Selling Party's Shares.

- 11.4 Any acceptance by a Tag Along Shareholder of a Tag Along Offer shall be irrevocable. But no sale of that Tag Along Shareholder's Shares pursuant to its acceptance shall take place unless and until the sale of the Selling Party's Shares is completed.
- 11.5 The expression **price per Share** used in Articles 11.1 and 11.3 shall be deemed to include in respect of all Uncommitted Shares, an amount equal to the relevant proportions of any other consideration (in cash or otherwise) received or receivable by the holders of the Shares in question which, having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for such Shares and, in the event of disagreement, the matter shall be referred to the Determiner for Determination to the Auditors and, pending their Determination:
- 11.5.1 the period for acceptance, specified in the Tag Along Offer shall not start to run until the date on which the Auditors determination of the price per Share is served on the Tag Along Buyer and the members holding Uncommitted Shares; and
- 11.5.2 the sale or transfer of the Committed Shares shall have no effect and shall not be registered.
- 11.6 The consideration payable for the Committed Shares and the Uncommitted Shares shall, in aggregate, be the Proceeds for the purposes of calculating the allocation of those Proceeds amongst the members in accordance with Article 4.3.4.

## 12 CO-SALE RIGHT

- 12.1 No transfer (other than a Permitted Transfer) of any of the Employee Shares relating to an Employee may be made or validly registered if it is in respect of more than 10 per cent of the Equity Shares (excluding Treasury Shares) unless the relevant Employee and any Permitted Transferee of that Employee (each a "**Selling Employee**") shall have observed the following procedures of this Article unless the Investor Majority has determined that this Article 12 shall not apply to such transfer.
- 12.2 After the Selling Employee has gone through the pre-emption process set out in Article 9, the Selling Employee shall give to each holder of A1 Ordinary Shares and A2 Ordinary Shares (an "**Equity Holder**") not less than 15 business days' notice in advance of the proposed sale (a "**Co-Sale Notice**"). The Co-Sale Notice shall specify:
- 12.2.1 the identity of the proposed purchaser (the "**Buyer**");
- 12.2.2 the price per share which the Buyer is proposing to pay;
- 12.2.3 the manner in which the consideration is to be paid;
- 12.2.4 the number of Equity Shares which the Selling Employee proposes to sell; and
- 12.2.5 the address where the counter-notice should be sent.

For the purposes of this Article 12, it is acknowledged that Shares of different classes will be transferable at different prices, such price per class of Share being a sum equal to that to which they would be entitled if the consideration payable by the Buyer to the Selling Employee were used to determine the valuation of the entire issued share capital of the Company and such valuation was then allocated as between the Shares in accordance with Article 4.3.4.

- 12.3 Each Equity Holder shall be entitled within five business days after receipt of the Co-Sale Notice, to notify the Selling Employee that they wish to sell a certain number of Equity Shares

held by them at the proposed sale price, by sending a counter-notice which shall specify the number of Equity Shares which such Equity Holder wishes to sell. The maximum number of shares which an Equity Holder can sell under this procedure shall be:

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

where:

X is the number of A1 Ordinary and A2 Ordinary Shares held by the Equity Holder;

Y is the total number of Equity Shares (excluding Treasury Shares);

Z is the number of Equity Shares the Selling Employee proposes to sell.

Any Equity Holder who does not send a counter-notice within such five business day period shall be deemed to have specified that they wish to sell no shares.

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

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

12.6 Sales made in accordance with this Article 12 shall not be subject to Article 9.

### 13 PURCHASE OF OWN SHARES

Subject to the Act (but without prejudice to any other provisions of these Articles) the Company may purchase its own Shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) with cash up to an amount in a financial year not exceeding the limit for the time being set out in section 692(1)(b) of the Act.

### 14 SUBSIDIARIES

14.1 The Company shall procure that:

14.1.1 each other Group Company shall comply with those provisions of these Articles which are expressed to apply to a Group Company; and

14.1.2 no Group Company shall do or permit to be done any act, matter or thing which if it were done or permitted to be done by the Company would constitute a breach by the Company of any provision of these Articles or would require any consent, approval or sanction under these Articles, unless such consent, approval or sanction has been first obtained.

### 15 DETERMINATION PROVISIONS

15.1 If a matter is to be Determined or referred to a Determiner for Determination as provided in these Articles, the following provisions of this Article shall apply.



- 15.2 The Determiner shall be such person as shall be agreed in writing between the Relevant Parties (as defined below) within five business days of the obligation or entitlement to refer the matter for Determination arising, failing which the Determiner shall be such independent chartered accountant or independent valuer as shall be nominated by the President from time to time of the Institute of Chartered Accountants in England and Wales on application by any such Relevant Party.
- 15.3 For the purposes of these Articles the "**Relevant Parties**" shall be:
- 15.3.1 in the case where the Determination is to be made for the purposes of Articles 10.7 (Drag Along Rights) or 11.5 (Tag Along Rights), the parties to the disagreement concerned; or
  - 15.3.2 the Seller (or holder of the relevant Shares) and the Company, in any other case where the matter to be Determined involves the Determination of the Market Value or Transfer Price of any Shares.
- 15.4 The terms of engagement of a Determiner (including without limitation their fees and costs and any limitations on liability) shall be such reasonable commercial terms as shall be agreed between the Determiner and the Lead Appointor (as defined below), consistently with the following provisions of this Article 15:
- 15.4.1 the Determiner shall act as an expert and not as an arbitrator;
  - 15.4.2 the Determiner shall be instructed to issue their determination in writing and address and supply it to the Relevant Parties;
  - 15.4.3 the Determiner shall be instructed to take account of such representations as may be made by the Relevant Parties as he shall see fit, and each of the Relevant Parties shall be entitled to make such representations separately but shall do so as expeditiously as reasonably possible; and
  - 15.4.4 the Determiner shall be instructed to make their determination as expeditiously as is reasonably possible.
- 15.5 The terms of engagement need only be signed between the Determiner and the Lead Appointor but shall bind all of the Relevant Parties.
- 15.6 For the purposes of this Article 15, the "**Lead Appointor**" shall be:
- 15.6.1 in the case where the Determination is to be made for the purposes of Articles 10.7 (Drag Along Rights) or 11.5 (Tag Along Rights), the Company as agent for the Relevant Parties; or
  - 15.6.2 the Company, acting with the consent of an Investor Majority, in any other case where the matter to be Determined involves the determination of the Market Value or Transfer Price of any shares.
- 15.7 The Lead Appointor shall in that capacity act as it shall see fit in its absolute discretion, and (absent its proven fraud or wilful default) shall not in that capacity be under any liability to any of the Relevant Parties or any other person.
- 15.8 Nothing shall oblige a Lead Appointor to enforce any terms of engagement or other rights against a Determiner unless it shall first have been indemnified and secured to its reasonable satisfaction against any costs, expenses and other liability that may be thereby involved, after

taking account of any due proportion of those costs, expenses and liability that should be borne by it having regard to its financial interest in the matter being Determined.

- 15.9 The members and Company shall be deemed hereby irrevocably to appoint the Investor Majority as their agent to enter into any documentation required to agree on their behalf directly with the Lead Appointor in the terms specified in Articles 15.7 and 15.8.
- 15.10 Each of the Company and other Relevant Parties shall, promptly after request, supply the Determiner with such information as he may from time to time reasonably require for the purposes of making their Determination.
- 15.11 The Determination of a Determiner shall be in writing and (in the absence of manifest error on its face) shall be final and binding for the purposes of the relevant provisions of these Articles.
- 15.12 Except as expressly provided to the contrary in these Articles, the fees and expenses of the Determiner shall be borne as the Determiner shall direct or, in the absence of such a direction, by the Company, where the dispute is as to the Market Value of any Sale Shares or in any other case where the Company is a party to the dispute or, where the Company is not party to the dispute and/or it is not lawful for the Company to bear such costs, between the other Relevant Parties pro rata to the number of Equity Shares held by them respectively.
- 15.13 The Company and other Relevant Parties shall use all reasonable endeavours to procure that any Determination required is obtained with due expedition.

## **PART C**

### **DIRECTORS' POWERS AND RESPONSIBILITIES**

#### **16 DIRECTORS' GENERAL AUTHORITY**

Subject to these Articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

#### **17 MEMBERS' RESERVE POWER**

- 17.1 The members may, with Investor Consent and by special resolution, direct the directors to take, or refrain from taking, specified action.
- 17.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

#### **18 DIRECTORS MAY DELEGATE**

- 18.1 Subject to these Articles the directors may, with Investor Consent, delegate any of the powers which are conferred on them under these Articles:
  - 18.1.1 to such person or committee;
  - 18.1.2 by such means (including by power of attorney);
  - 18.1.3 to such an extent;
  - 18.1.4 in relation to such matters or territories; and
  - 18.1.5 on such terms and conditions;

as they think fit.

18.2 If the directors (acting with Investor Consent) so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

18.3 The directors (acting with Investor Consent) may revoke any delegation in whole or part, or alter its terms and conditions.

## **19 COMMITTEES**

19.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Articles which govern the taking of decisions by directors.

19.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from these Articles if they are not consistent with them.

## **DECISION MAKING BY DIRECTORS**

### **20 DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

20.1 The general rule about decision making is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with Article 21.2.

20.2 Subject to Article 25.5, if the Company has only one director for the time being the general rule does not apply, and the director may (for so long as he remains the sole director) take decisions without regard to any of the provisions of these Articles relating to directors' decision making.

### **21 DIRECTORS' DECISIONS OTHERWISE THAN AT A DIRECTORS' MEETING**

21.1 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.

21.2 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.

21.3 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.

### **22 FREQUENCY OF MEETINGS OF DIRECTORS**

22.1 Unless Mercia otherwise agrees in writing, meetings of the directors shall take place at least 8 times in each year, with a period of not more than 10 weeks between any two meetings. Any director may call a meeting of the directors. At least 5 business days' advance notice in writing of each such meeting shall be given to each director (except with the prior consent in writing of an Investor Director, when meetings of the directors may take place on shorter notice).

22.2 The directors shall ensure that at least one meeting is held annually during which the composition of the Board is reviewed.

### **23 CALLING A DIRECTORS' MEETING**

23.1 Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the Company secretary (if any) to give such notice.

23.2 Notice of any directors' meeting must indicate:

23.2.1 its proposed date and time;

23.2.2 where it is to take place; and

23.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

23.3 Notice of a directors' meeting must be given to each director, but need not be in writing.

23.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

**24 PARTICIPATION IN DIRECTORS' MEETINGS**

24.1 Subject to these Articles, directors participate in a directors' meeting, or part of a directors' meeting, when the meeting has been called and takes place in accordance with the Articles, and they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

24.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other save that any such meeting shall include an Investor Director in accordance with Article 4.5.1.

24.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

**25 QUORUM FOR DIRECTORS' MEETINGS**

25.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

25.2 Subject to Article 4.6 and the provisions of Part B of these Articles and to Article 25.4, the quorum for directors' meetings shall be:

25.2.1 either, three eligible directors (which shall include the Investor Director, one Founder and the Chair (if appointed as director)); or

25.2.2 where the Chair is not appointed as a director, two eligible directors (which shall include the Investor Director and one Founder).

25.3 If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Chair determines which must be at least 5 business days following such adjourned meeting unless Investor Consent is obtained for a meeting to be held sooner. If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed, then those persons present shall be deemed to be a quorum and the meeting shall proceed.

25.4 For the purposes of any meeting (or part of a meeting) held pursuant to Article 27 to authorise a director's conflict of interest, 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.

- 25.5 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to appoint further directors, or to call a general meeting so as to enable the members to appoint further directors.
- 25.6 Subject to Article 25.7, each eligible director participating in a directors' meeting has one vote on each proposed resolution.
- 25.7 If Mercia has issued a Default Notice and any event, circumstance or failure the subject of such Default Notice is subsisting, then notwithstanding any other provision of these Articles:
- 25.7.1 if an Investor Director votes against any resolution put to a directors' meeting, that resolution shall be deemed not to have been carried notwithstanding that the number of votes cast in its favour exceeds those cast against it; and
- 25.7.2 if an Investor Director votes in favour of any resolution put to a directors' meeting, that resolution shall be deemed to have been carried notwithstanding that the number of votes cast against it exceeds those cast in its favour.

## **26 CHAIRING OF DIRECTORS' MEETINGS**

In addition to the right to appoint and remove any person as an Investor Director, an Investor Majority may from time to time appoint one person as a director and Chair (providing such initial Chair appointment is in accordance with the provisions of the Investment Agreement) and remove and replace such person as a director and Chair. Any such replacement will be made after consultation by the Investor Director with the Board. If there is no Chair in office for the time being, or if the Chair is unable to attend any meeting of the directors, the directors present at the meeting must appoint another director present at the meeting to chair the meeting and the appointment of the Chair of the meeting must be the first business of the meeting.

## **27 DIRECTORS - POWERS TO AUTHORISE CONFLICTS OF INTEREST**

- 27.1 The directors may subject to obtaining Investor Consent authorise, to the fullest extent permitted by law, any matter which would otherwise result in a director infringing their duty to avoid a Conflict Situation provided that, for this purpose, the director in question and any other interested Director are not counted in the quorum at any board meeting at which such matter is authorised and it is agreed to without their voting or would have been agreed to if their votes had not been counted.
- 27.2 Any authorisation given under Article 27.1 may (whether at the time of giving the authorisation or subsequently) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the conflict so authorised.
- 27.3 Where the directors give authority under Article 27.1:
- 27.3.1 they may (whether at the time of giving the authority or subsequently) require that the relevant director is excluded from the receipt of information, participation in discussion and/or the making of decisions (whether at directors' meetings or otherwise) related to the matter that is the subject of the authorisation and impose upon the relevant director such other terms for the purpose of the authorisation as they think fit and:
- a) the relevant director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the authorisation; and
- b) the relevant 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;

- 27.3.2 they may provide that where the relevant director obtains (otherwise than through their position as a director of the Company) information that is confidential to a third party, the director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence; and
- 27.3.3 the directors may revoke or vary the authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority.
- 27.4 A director shall not, by reason of their office, be accountable to the Company for any benefit which he derives from any matter which has been authorised by the directors pursuant to Article 27.1 (subject in any case to any limits or conditions to which such approval was subject).
- 27.5 For the purposes of section 175 and 180(4) of the Act and for all other purposes, and notwithstanding the provisions of Articles 27.1 to 27.4, it is acknowledged that a Director may be or become subject to a Group Conflict Situation or Group Conflict Situations.
- 27.6 A Director's duties to the Company arising from their holding office as director shall not be breached or infringed as a result of any Group Conflict Situation having arisen or existing in relation to him and such Group Conflict Situation shall, for the purposes of section 180(4) of the Act, be deemed authorised.
- 27.7 Any Director the subject of a Group Conflict Situation shall:
  - 27.7.1 not be held accountable to the Company for any benefit he directly or indirectly derives from their involvement in any Group Company;
  - 27.7.2 be entitled to receive notice (including any relevant board papers) of, attend, count in the quorum towards and vote at board meetings relating in any way to, and deal generally with, matters concerning, connected with or arising from the Group Conflict Situation concerned; and
  - 27.7.3 be entitled to keep confidential and not disclose to the Company any information which comes into their possession as a result of such Group Conflict Situation where such information is confidential as regards any third party.

## **28 INVESTOR DIRECTOR CONFLICTS**

- 28.1 For the purposes of sections 175 and 180(4) of the Act and for all other purposes, and notwithstanding the provisions of Articles 27.1 to 27.7 it is acknowledged that an Investor Director may be or become subject to a Conflict Situation or Conflict Situations as a result of their also being or having been or being party to an agreement or arrangement or understanding or circumstances under which he may become an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or a direct or indirect investor in and/or otherwise commercially involved with or economically interested in any of the following:
  - 28.1.1 an Investor;
  - 28.1.2 an Investor Affiliate; or
  - 28.1.3 an interest or similar incentive arrangement associated with any Investor or Investor Affiliate.
- 28.2 An Investor Director's duties to the Company arising from their holding office as director shall not be breached or infringed as a result of any Conflict Situation envisaged by Article 28.1

having arisen or existing in relation to him and such Conflict Situation shall, for the purposes of section 180(4) of the Act, be deemed authorised.

28.3 Any Investor Director the subject of a Conflict Situation envisaged by Article 28.1 shall:

28.3.1 not be held accountable to the Company for any benefit he directly or indirectly derives from their involvement in or with any person referred to in Articles 28.1.1 to 28.1.3 (inclusive) irrespective of whether the activities of such person or entity are or may become competitive with those of any Group Company;

28.3.2 be entitled to receive notice (including any relevant board papers) of, attend, count in the quorum towards and vote at board meetings relating in any way to and deal generally with, matters concerning, connected with or arising from the Conflict Situation concerned; and

28.3.3 be entitled to keep confidential and not disclose to the Company any information which comes into their possession as a result of such Conflict Situation where such information is confidential as regards any third party.

## **29 DIRECTORS – TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

29.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of their 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:

29.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

29.1.2 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;

29.1.3 shall be entitled to vote at a meeting of directors or of a committee of the directors, or participate in any unanimous decision, in respect of such transaction or arrangement or such proposed transaction or arrangement.

29.2 For the purposes of this Article 29, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

29.3 Subject to Article 29.4, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair whose ruling in relation to any director other than the Chair is to be final and conclusive.

29.4 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the Chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

## **30 RECORDS OF DECISIONS TO BE KEPT**

The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

### **31 DIRECTORS' DISCRETION TO MAKE FURTHER RULES**

Subject to these Articles, the Directors may make any rule which they think fit about how they take decisions and about how such rules are to be recorded or communicated to directors.

## **APPOINTMENT OF DIRECTORS**

### **32 NUMBER AND APPOINTMENT OF DIRECTORS**

- 32.1 Unless otherwise determined by ordinary resolution, the number of directors is subject to a maximum of 5 (including the Founders, one Investor Director and the Chair) and the minimum number of directors is two:
- 32.2 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:
- 32.2.1 by ordinary resolution, or
- 32.2.2 by a decision of the directors.
- 32.3 In any case where, as a result of death or bankruptcy, the Company has no members and no directors, the transmittee(s) of the last member 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.
- 32.4 For the purposes of Article 32.3, where two or more members die in circumstances rendering it uncertain who was the last to die, a younger member is deemed to have survived an older member.

### **33 TERMINATION OF DIRECTOR'S APPOINTMENT**

- 33.1 A person ceases to be a director as soon as:
- 33.1.1 that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director by law;
- 33.1.2 a bankruptcy order is made against that person;
- 33.1.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 33.1.4 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- 33.1.5 by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have and the board, with Investor Consent, has resolved that that person should cease to be a director;
- 33.1.6 notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.
- 33.1.7 he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other directors resolve that he cease to be a director; and



33.1.8 in the case of an executive director only, he shall cease to be employed by the Company or other Group Company (as appropriate) and does not continue as an employee or consultant of any other Group Company.

**34 DIRECTORS – ALTERNATE DIRECTORS**

34.1 Any director (the “appointor”) may appoint as an alternate any other director or any other person approved by resolution of the directors to:

34.1.1 exercise that director's powers; and

34.1.2 carry out that director's responsibilities

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

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

34.3 The notice must:

34.3.1 identify the proposed alternate, and

34.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

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

34.5 Except as the Articles specify otherwise, alternate directors:

34.5.1 are deemed for all purposes to be directors;

34.5.2 are liable for their own acts and omissions;

34.5.3 are subject to the same restrictions as their appointors; and

34.5.4 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 their appointor is a member.

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

34.6.1 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);

34.6.2 may participate in a unanimous decision of the directors (but only if their appointor is an eligible director in relation to that decision, but does not participate); and

34.6.3 shall not be counted as more than one director for the purposes of Articles 34.6.1 and 34.6.2.

34.7 A director who is also an alternate director is entitled, in the absence of their appointor, to a separate vote on behalf of their appointor, in addition to their own vote on any decision of the

directors (provided that their appointor is an eligible director in relation to that decision) but shall not count as more than one director for the purposes of determining whether a quorum is present.

34.8 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing to the Company.

34.9 An alternate director's appointment as an alternate terminates:

34.9.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

34.9.2 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;

34.9.3 on the death of the alternate's appointor; or

34.9.4 when the alternate's appointor's appointment as a director terminates.

## **35 DIRECTORS' REMUNERATION**

35.1 Directors may undertake any services for the Company that the directors decide.

35.2 Directors are entitled to such remuneration as the directors determine:

35.2.1 for their services to the Company as directors, and

35.2.2 for any other service which they undertake for the Company.

35.3 Subject to these Articles, a director's remuneration may:

35.3.1 take any form, and

35.3.2 include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

35.4 Unless the directors decide otherwise, directors' remuneration accrues from day to day.

35.5 Unless the directors decide otherwise, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

## **36 DIRECTORS' EXPENSES**

36.1 The Company may pay any reasonable expenses which the directors (including alternate directors and, if it has one, the secretary (but so that nothing in this Article 36.1 shall require the Company to have a secretary) properly incur in connection with their attendance at:

36.1.1 meetings of directors or committees of directors;

36.1.2 general meetings; or

36.1.3 separate meetings of any holders of any class of Shares or of debentures of the Company;

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

### **37 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. Nothing in this Article 37 shall require the Company to have a secretary.

## **SHARES AND DISTRIBUTIONS**

### **38 POWERS TO ISSUE DIFFERENT CLASSES OF SHARE**

- 38.1 Subject to these Articles, but without prejudice to the rights attached to any existing Share, the Company may issue Shares with such rights or restrictions as may be determined by ordinary resolution.
- 38.2 The Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may, with Investor Consent, determine the terms, conditions and manner of redemption of any such Shares.

### **39 AUTHORITY TO ALLOT**

Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution of the members, the directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or convert any security into, any Shares in the Company.

### **40 ISSUE OF SHARES – PRE-EMPTION RIGHTS**

- 40.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of Equity Securities made by the Company.
- 40.2 Unless otherwise agreed by special resolution, and save with Investor Consent if the Company proposes to allot any Equity Securities other than:
- 40.2.1 any Equity Securities issued or granted in order for the Company to comply with its obligations under the Articles including, but not limited to the Anti-Dilution Shares;
  - 40.2.2 any Equity Securities issued in consideration of the acquisition by the Company of any company or business (where such acquisition and issue has been approved in writing by an Investor Majority);
  - 40.2.3 any Equity Securities issued as a result of a bonus issue of shares which has been approved in writing by an Investor Majority; or
  - 40.2.4 any Equity Securities to be held under an employees share scheme (as that expression is defined in section 1166 of the Act,

those Equity Securities shall not be allotted to any person unless the Company has first offered them to all members on the date of the offer on the same terms, and at the same price, as those Equity Securities are being offered to other persons on a pari passu and pro-rata basis to the number of Shares held by those members holding Equity Shares (as nearly as possible without involving fractions).

- 40.3 The offer:

- 40.3.1 shall be in writing, (made in hard copy or electronic form) shall be open for a period of 12 business days from the date of the offer and shall give details of the number and subscription price of the relevant Equity Securities; and
- 40.3.2 shall stipulate that any member who wishes to subscribe for a number of Equity Securities in excess of the proportion to which they are entitled shall, in their acceptance, state the number of excess Equity Securities ("**Excess Securities**") for which they wish to subscribe:
- 40.4 Any Equity Securities not accepted by members holding Equity Shares pursuant to the offer made to them in accordance with Article 40.2 shall be used for satisfying any requests for Excess Securities made pursuant to Article 40.2. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants pro-rata to the number of Shares held by the applicants immediately before the offer was made to members in accordance with Article 40.2 (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any member beyond that applied for him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may, with Investor Consent determine, provided that:
- 40.4.1 no Share shall be issued at a discount;
- 40.4.2 no Share shall be issued on terms which are more favourable than those on which they were offered to the members pursuant to this Article 40; and
- 40.4.3 no Share shall be issued more than 3 months after the end of the period for acceptance of the offer made under Article 40.2 unless the procedure in Articles 40.2 and 40.4 is repeated in relation to that Share.
- 40.5 No Shares shall be allotted to any employee, director, prospective employee or director unless such person has entered into a joint election with the company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.
- 40.6 Notwithstanding any other provision of these Articles, no Share shall be issued to a person who is not already a party to the Investment Agreement unless that person has entered into a deed of adherence to, and in the form required by, the Investment Agreement.
- 40.7 Where any Share is issued to an existing member holding Shares, such new Share shall, if so required by Mercia, on and from the time of registration of the allotment of that Share in the register of members, be immediately and automatically (without resolution of the members or directors) redesignated as a Share of the same class as the Shares already held by such member.
- 40.8 No Equity Securities shall be required, before they are issued, to be offered to the members in accordance with Article 40.2 if:
- 40.8.1 subject to Article 40.9, such Equity Securities are to be issued to an Investor or any Investor Affiliate as part of an Emergency Rights Issue; or
- 40.8.2 they are required for the purposes of an issue of Shares on arms' length terms to any subscriber or subscribers who:
- a) is or are not a connected person of any of the existing members; and
  - b) is or are (or a connected person of whom is or are) contemporaneously with such issue of Equity Securities providing funding to the Company or any Group

Company for any bona fide requirements of the Group ("**Relevant Funding**");  
and

- c) requires such issue of Equity Securities as a condition of providing the Relevant Funding,

provided that alternative funding is not, or in the reasonable opinion of the Board (acting with Investor Consent) will not be, available on terms at least as favourable as those offered by the proposed subscriber(s) (or its or their connected persons) from a third party bank or financial institution which does not require such issue of Equity Securities as a condition of providing such funding.

- 40.9 In the event of an Emergency Rights Issue, each member holding Equity Shares (other than the member or members to whom any Equity Securities were issued pursuant to the Emergency Rights Issue ("**Emergency Subscribers**")) shall be entitled, but not obliged, to subscribe at any time during the period of 10 business days following completion of the Emergency Rights Issue for such number of the class or classes of Equity Securities issued pursuant to such Emergency Rights Issue as they would have been entitled to subscribe for by reference to their holding of Equity Shares in accordance with Article 40.2 (had Article 40.2 not been subject to Articles 40.8 and 40.9) on the same terms as the Emergency Subscribers.

- 40.10 If, due to any inequality between the number of Equity Securities to be issued and the number of Shares held by members entitled to have the offer of Equity Securities made to them, any difficulty arises in the apportionment of any such Equity Securities amongst the members, such difficulties shall be determined by the directors (with Investor Consent).

#### **41 PAYMENT OF COMMISSIONS ON SUBSCRIPTION FOR SHARES**

- 41.1 The Company may pay any person a commission in consideration for that person:

- 41.1.1 subscribing, or agreeing to subscribe, for Shares; or

- 41.1.2 procuring, or agreeing to procure, subscription for Shares.

- 41.2 Any such commission may be paid:

- 41.2.1, in cash, or in fully paid or partly paid Shares or other securities, or partly in one way and partly in the other; and

- 41.2.2 in respect of a conditional or an absolute subscription.

#### **42 SHARE CERTIFICATES**

- 42.1 The Company must issue each member, free of charge, with one or more certificates in respect of the Shares which that member holds.

- 42.2 Every certificate must specify:

- 42.2.1 in respect of how many Shares, of what class, it is issued;

- 42.2.2 the nominal value of those Shares;

- 42.2.3 the amount (if any) paid upon them; and

- 42.2.4 any distinguishing numbers assigned to them.

- 42.3 No certificate may be issued in respect of Shares of more than one class.
- 42.4 If more than one person holds a Share, only one certificate may be issued in respect of it.
- 42.5 Certificates must have affixed to them the Company's common seal, or be otherwise executed in accordance with the Companies Acts.

#### **43 COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS**

Except as required by law, no person is to be recognised by the Company as holding any Share upon any trust, and except as otherwise required by law or these Articles, the Company is not in any way to be bound by or recognise any interest in a Share other than the holder's absolute ownership of it and all the rights attaching to it.

#### **44 FRACTIONAL ENTITLEMENTS**

- 44.1 Where there has been a consolidation or division of Shares and, as a result, members are entitled to fractions of Shares, the Board shall, with the written consent of Mercia, deal with the any fractional entitlements in such manner as it sees fit and may, in respect thereof:
  - 44.1.1 sell the Shares representing the fractions to any person including the Company for the best price reasonably obtainable;
  - 44.1.2 authorise any person to execute an instrument of transfer of the Shares to the person(s) nominated by the Board; and
  - 44.1.3 distribute the net proceeds of sale in due proportion among the holders of the Shares.
- 44.2 Where any holder's entitlement to a portion of the proceeds of sale under Article 44.1 amounts to less than a minimum figure determined by the directors, that member's portion may be retained for the benefit of the Company.
- 44.3 The person to whom the Shares are transferred pursuant to Article 44.1 is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions. The transferee's title to the Shares is not affected by any irregularity in or invalidity of the process leading to their sale.

#### **45 COMPANY'S LIEN OVER SHARES**

##### **45.1 Partly paid Shares**

The Company may, with Investor Consent, issue Shares for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

##### **45.2 Lien**

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

45.2.2 The Company's Lien over a Share:

- a) takes priority over any third party's interest in that Share; and

- b) extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share.

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

#### 45.3 Enforcement of the Company's Lien

45.3.1 Subject to the provisions of this Article 45.3, if:

- a) a Lien Enforcement Notice has been given in respect of a Share; and
  - b) the person to whom the notice was given has failed to comply with it,
- the Company may sell that Share in such manner as the directors decide.

45.3.2 A lien enforcement notice (the "Lien Enforcement Notice"):

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

45.3.3 Where Shares are sold under this Article 45.3:

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

45.3.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:

- a) first, in payment of so much of the sum for which the lien exceeds as was payable at the date of the Lien Enforcement Notice; and
- b) second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the Shares before the sale for any

money payable by that person (or their estate or any joint holder of the Shares) after the date of the Lien Enforcement Notice.

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

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

#### 45.4 Call notices

45.4.1 Subject to the Articles and the terms on which Shares are allotted, the directors may send a notice (a "**Call Notice**") to a member requiring the member to pay the Company a specified sum of money (a "**Call**") which is payable to the Company at the date when the directors decide to send the Call Notice.

45.4.2 A Call Notice:

- a) may not require a member to pay a Call which exceeds the total amount of their indebtedness or liability to the Company;
- b) must state when and how any Call to which it relates is to be paid; and
- c) may permit or require the Call to be made in instalments.

45.4.3 A member must comply with the requirements of a Call Notice, but no member is obliged to pay any Call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent.

45.4.4 Before the Company has received any Call due under a Call Notice the directors may:

- a) revoke it wholly or in part; or
- b) specify a later time for payment than is specified in the notice,

by a further notice in writing to the member in respect of whose Shares the Call is made.

#### 45.5 Liability to pay Calls

45.5.1 Liability to pay a Call is not extinguished or transferred by transferring the Shares in respect of which it is required to be paid.

45.5.2 Joint holders of a Share are jointly and severally liable to pay all Calls in respect of that Share.

45.5.3 Subject to the terms on which Shares are allotted, the directors may, when issuing Shares, provide that Call Notices sent to the holders of those Shares may require them:

- a) to pay Calls which are not the same; or
- b) to pay Calls at different times.



**45.6 When Call Notice need not be issued**

45.6.1 A Call Notice need not be issued in respect of sums which are specified, in the terms on which a Share is issued, as being payable to the Company in respect of that Share:

- a) on allotment,
- b) on the occurrence of a particular event; or
- c) on a date fixed by or in accordance with the terms of issue.

45.6.2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the Share concerned is treated in all respects as having failed to comply with a Call Notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

**45.7 Failure to comply with Call Notice: automatic consequences**

45.7.1 If a person is liable to pay a Call and fails to do so by the Call payment date:

- a) the directors may issue a notice of intended forfeiture to that person; and
- b) until the Call is paid, that person must pay the Company interest on the Call from the Call payment date at the relevant rate.

45.7.2 For the purposes of this Article 45.7:

- a) the "**Call payment date**" is the time when the Call Notice states that a Call is payable, unless the directors give a notice specifying a later date, in which case the "**Call payment date**" is that later date; and
- b) the "relevant rate" is:
  - i the rate fixed by the terms on which the share in respect of which the call is due was allotted;
  - ii such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
  - iii if no rate is fixed in either of these ways, 5 per cent per annum.

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

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

**45.8 Notice of intended forfeiture**

45.8.1 A notice of intended forfeiture:

- a) may be sent in respect of any Share in respect of which a Call has not been paid as required by a Call Notice;
- b) must be sent to the holder of that Share (or all the joint holders of that Share) or to a transmittee of that holder;

- c) must require payment of the Call and any accrued interest and all expenses that may have been incurred by the Company by reason of such non-payment by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- d) must state how the payment is to be made; and
- e) must state that if the notice is not complied with, the Shares in respect of which the Call is payable will be liable to be forfeited.

**45.9 Directors' power to forfeit Shares**

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

**45.10 Effect of forfeiture**

45.10.1 Subject to the Articles, the forfeiture of a Share extinguishes:

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

45.10.2 Any Share which is forfeited in accordance with the Articles:

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

45.10.3 If a person's Shares have been forfeited:

- a) the Company must send that person notice that forfeiture has occurred and record it in the register of members;
- b) that person ceases to be a member in respect of those Shares;
- c) that person must surrender the certificate for the Shares forfeited to the Company for cancellation;
- d) that person remains liable to the Company for all sums payable by that person under the Articles at the date of forfeiture in respect of those Shares, including any interest (whether accrued before or after the date of forfeiture); and
- e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the Shares at the time of forfeiture or for any consideration received on their disposal.

45.10.4 At any time before the Company disposes of a forfeited Share, the directors may decide to cancel the forfeiture on payment of all Calls, interest and expenses due in respect of it and on such other terms as they think fit.

**45.11 Procedure following forfeiture**

45.11.1 If a forfeited Share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.

45.11.2 A statutory declaration by a director that the declarant is a director and that a Share has been forfeited on a specified date:

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

45.11.3 A person to whom a forfeited Share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the Share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the Share.

45.11.4 If the Company sells a forfeited Share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which:

- a) was, or would have become, payable; and
- b) had not, when that Share was forfeited, been paid by that person in respect of that Share,

but no interest is payable to such a person in respect of such proceeds and the Company is not required to account for any money earned on them.

**45.12 Surrender of Shares**

45.12.1 A member may surrender any Share:

- a) in respect of which the directors may issue a notice of intended forfeiture;
- b) which the directors may forfeit; or
- c) which has been forfeited.

45.12.2 The directors may accept the surrender of any such Share.

45.12.3 The effect of surrender on a Share is the same as the effect of forfeiture on that Share.

45.12.4 A Share which has been surrendered may be dealt with in the same way as a Share which has been forfeited.

**46 REPLACEMENT SHARE CERTIFICATES**

46.1 If a certificate issued in respect of a member's Shares is:

46.1.1 damaged or defaced, or

46.1.2 said to be lost, stolen or destroyed,

that member is entitled to be issued with a replacement certificate in respect of the same Shares.

46.2 A member exercising the right to be issued with such a replacement certificate:

46.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

46.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

46.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

#### **47 SHARE TRANSFERS**

47.1 Subject to the provisions of Part B of these Articles, Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor and, if the Shares are not fully paid, the transferee.

47.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any Share.

47.3 The Company may retain any instrument of transfer which is registered.

47.4 The transferor remains the holder of a Share until the transferee's name is entered in the register of members as holder of it.

#### **48 TRANSMISSION OF SHARES**

48.1 If title to a Share passes to a transmittee, the Company may only recognise the transmittee as having any title to that Share.

48.2 Subject to Part B of these Articles and pending any transfer of the Shares to another person, a transmittee who produces such evidence of entitlement to Shares as the directors may properly require has the same rights as the holder had, but transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those Shares.

#### **49 TRANSMITTEES BOUND BY PRIOR NOTICES**

If a notice is given to a member in respect of Shares and a transmittee is entitled to those Shares, the transmittee is bound by the notice if it was given to the member before the transmittee's name has been entered in the register of members.

### **DIVIDENDS AND OTHER DISTRIBUTIONS**

#### **50 PROCEDURE FOR DECLARING DIVIDENDS**

50.1 Subject to Part B of these Articles (including, without limitation, Article 4.2), the Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

- 50.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 50.3 No dividend may be declared or paid unless it is in accordance with members' respective rights.
- 50.4 Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be paid by reference to each member's holding of Shares on the date of the resolution or decision to declare or pay it.
- 50.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in Arrears.
- 50.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 50.7 If the directors act in good faith, they do not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on Shares with deferred or non-preferred rights.

## 51 CALCULATION OF DIVIDENDS

- 51.1 Except as otherwise provided by these Articles or the rights attached to Shares, all dividends must be declared and paid according to the amounts paid up on the Shares on which the dividend is paid and apportioned and paid proportionately to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid.
- 51.2 If any Share is issued on terms providing that it ranks for dividend as from a particular date, that Share ranks for dividend accordingly.
- 51.3 For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a Share in advance of the due date for payment of that amount.

## 52 PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

- 52.1 Where a dividend or other sum which is a distribution is payable in respect of a Share, it must be paid by one or more of the following means:
  - 52.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - 52.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the Share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - 52.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
  - 52.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- 52.2 In these Articles, a "**distribution recipient**" means, in respect of a Share in respect of which a dividend or other sum is payable:

52.2.1 the holder of the Share; or

52.2.2 if the Share has two or more joint holders, whichever of them is named first in the register of members; or

52.2.3 if the holder is no longer entitled to the Share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

### **53 DEDUCTIONS FROM DISTRIBUTIONS IN RESPECT OF SUMS OWED TO THE COMPANY**

53.1 If:

53.1.1 a Share is subject to the Company's Lien; and

53.1.2 the directors are entitled to issue a Lien Enforcement Notice in respect of it,

they may, instead of issuing a Lien Enforcement Notice, deduct from any dividend or other sum payable in respect of the Share any sum of money which is payable to the Company in respect of that Share to the extent that they are entitled to require payment under a Lien Enforcement Notice.

53.2 Money so deducted must be used to pay any of the sums payable in respect of that Share.

53.3 The Company must notify the distribution recipient in writing of:

53.3.1 the fact and amount of any such deduction;

53.3.2 any non-payment of a dividend or other sum payable in respect of a Share resulting from any such deduction; and

53.3.3 how the money deducted has been applied.

### **54 NO INTEREST ON DISTRIBUTIONS**

54.1 The Company may not pay interest on any dividend or other sum payable in respect of a Share unless otherwise provided by:

54.1.1 the terms on which the Share was issued, or

54.1.2 the provisions of another agreement between the holder of that Share and the Company.

### **55 UNCLAIMED DISTRIBUTIONS**

55.1 All dividends or other sums which are:

55.1.1 payable in respect of Shares, and

55.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

55.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

55.3 If:

55.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment, and

55.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

## **56 NON-CASH DISTRIBUTIONS**

56.1 Subject to the terms of issue of the Share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a Share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

56.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

56.2.1 fixing the value of any assets;

56.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

56.2.3 vesting any assets in trustees.

## **57 WAIVER OF DISTRIBUTIONS**

57.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a Share by giving the Company notice in writing to that effect, but if:

57.1.1 the Share has more than one holder, or

57.1.2 more than one person is entitled to the Share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the Share.

## **CAPITALISATION OF PROFITS**

### **58 AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS**

58.1 Subject to these Articles, the directors may, if they are so authorised by an ordinary resolution:

58.1.1 decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and

58.1.2 appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

58.2 Capitalised sums must be applied:

58.2.1 on behalf of the persons entitled, and

58.2.2 in the same proportions as a dividend would have been distributed to them.

58.3 Any capitalised sum may be applied in paying up new Shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

58.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

58.5 Subject to these Articles the directors may:

58.5.1 apply capitalised sums in accordance with Articles 58.3 and 58.4 partly in one way and partly in another;

58.5.2 make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments); and

58.5.3 authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this Article.

## **ORGANISATION OF GENERAL MEETINGS**

### **59 ATTENDANCE AND SPEAKING AT GENERAL MEETINGS**

59.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

59.2 A person is able to exercise the right to vote at a general meeting when:

59.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

59.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

59.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

59.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

59.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

### **60 QUORUM FOR GENERAL MEETINGS**

No business other than the appointment of the Chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. Subject to the provisions



of Part B of these Articles, two Qualifying Persons shall be a quorum one of which shall be a holder of A1 Ordinary Shares and one of which shall be, for so long as he is a Shareholder, the Founder.

## **61 CHAIRING GENERAL MEETINGS**

61.1 If a Chair has been appointed pursuant to the provisions of these Articles or the Investment Agreement, the Chair shall chair general meetings if present and willing to do so.

61.2 If the directors have not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

61.2.1 the directors present, or

61.2.2 (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the Chair of the meeting must be the first business of the meeting.

61.3 The person chairing a meeting in accordance with this Article is referred to as "**the Chair of the meeting**".

## **62 ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-MEMBERS**

62.1 Directors may attend and speak at general meetings, whether or not they are members.

62.2 The Chair of the meeting may permit other persons who are not:

62.2.1 members of the Company, or

62.2.2 otherwise entitled to exercise the rights of members in relation to general meetings,

to attend and speak at a general meeting.

## **63 ADJOURNMENT**

63.1 If the persons attending a general meeting within 30 minutes from the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chair of the meeting must adjourn it. If a quorum is not present at any such adjourned meeting within 30 minutes from the time appointed for the adjourned meeting, then those persons present shall be deemed to be a quorum and the meeting shall proceed.

63.2 The Chair of the meeting may adjourn a general meeting at which a quorum is present if:

63.2.1 meeting consents to an adjournment, or

63.2.2 it appears to the Chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

63.3 The Chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

63.4 When adjourning a general meeting, the Chair of the meeting must:

63.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

63.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

63.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

63.5.1 to the same persons to whom notice of the Company's general meetings is required to be given, and

63.5.2 containing the same information which such notice is required to contain.

63.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## **VOTING AT GENERAL MEETINGS**

### **64 VOTING: GENERAL**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.

### **65 ERRORS AND DISPUTES**

65.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

65.2 Any such objection must be referred to the Chair of the meeting, whose decision is final.

### **66 POLL VOTES**

66.1 A poll on a resolution may be demanded:

66.1.1 in advance of the general meeting where it is to be put to the vote, or

66.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

66.2 A poll may be demanded by any Qualifying Person present and entitled to vote on the resolution.

66.3 A demand for a poll may be withdrawn if:

66.3.1 the poll has not yet been taken, and

66.3.2 the Chair of the meeting consents to the withdrawal.

66.4 Polls must be taken immediately and in such manner as the Chair of the meeting directs.

### **67 CONTENT OF PROXY NOTICES**

67.1 Proxies may only be validly appointed by a notice in writing (a "proxy notice") which:

67.1.1 states the name and address of the member appointing the proxy;

67.1.2 identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

67.1.3 is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and

67.1.4 is delivered to the Company in accordance with the Articles not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate

and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting.

67.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

67.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

67.4 Unless a proxy notice indicates otherwise, it must be treated as:

67.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and

67.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

## **68 DELIVERY OF PROXY NOTICES**

68.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

68.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

68.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

68.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

## **69 NO VOTING OF SHARES ON WHICH MONEY OWED TO COMPANY**

No voting rights attached to a Share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, or in relation to any written resolution of the Company unless all amounts payable to the Company in respect of that Share have been paid.

## **70 AMENDMENTS TO RESOLUTIONS**

70.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- 70.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chair of the meeting may determine), and
- 70.1.2 the proposed amendment does not, in the reasonable opinion of the Chair of the meeting, materially alter the scope of the resolution.
- 70.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
  - 70.2.1 the Chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - 70.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 70.3 If the Chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chair of the meeting's error does not invalidate the vote on that resolution.

## **71 APPLICATION OF RULES TO CLASS MEETINGS**

The provisions of these Articles relating to general meetings apply, with any necessary modifications, to meetings of the holders of any class of Shares.

## **ADMINISTRATIVE ARRANGEMENTS**

### **72 COMPANY NAME**

- 72.1 The Company may change its name by a resolution of the directors in favour of which an Investor Director has voted.

### **73 MEANS OF COMMUNICATION TO BE USED**

- 73.1 Subject to these Articles, anything sent or supplied by or to the Company under these Articles may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to the Company.
- 73.2 Except insofar as the Companies Acts require otherwise the Company shall not be obliged to accept any notice, document or other information sent or supplied to the Company in electronic form unless it satisfies such stipulations, conditions or restrictions (including, without limitation, for the purpose of authentication) as the directors think fit, and the Company shall be entitled to require any such notice, document or information to be sent or supplied in hard copy form instead.
- 73.3 In the case of joint holders of a Share, except insofar as these Articles otherwise provide, all notices, documents or other information shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and shall be deemed to have been given to all the joint holders. For all purposes, including the execution of any appointment of proxy, resolution in writing, notice or other document (including anything sent or supplied in electronic form) executed or approved pursuant to any provision of these Articles, execution by any one of such joint holders shall be deemed to be and shall be accepted as execution by all the joint holders.

- 73.4 In the case of a member that is a corporation, for all purposes, including the execution of any appointment of proxy, resolution in writing, notice or other document (including anything sent or supplied in electronic form) executed or approved pursuant to any provision of these Articles, execution by any director or the secretary of that corporation or any other person who appears to any officer of the Company (acting reasonably and in good faith) to have been duly authorised to execute shall be deemed to be and shall be accepted as execution by that corporation.
- 73.5 A member whose registered address is not within the United Kingdom and who notifies the Company of an address within the United Kingdom at which notices, documents or other information may be served on or delivered to him shall be entitled to have such things served on or delivered to him at that address (in the manner referred to above), but otherwise no such member shall be entitled to receive any notice, document or other information from the Company. If the address is that member's address for sending or receiving documents or information by electronic means the Directors may at any time without prior notice (and whether or not the Company has previously sent or supplied any documents or information in electronic form to that address) refuse to send or supply any documents or information to that address.
- 73.6 Subject to these Articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 73.7 A director may agree with the Company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

#### **74 NOTICES**

- 74.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 74.1.1 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));
  - 74.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
  - 74.1.3 if properly addressed and sent or supplied by electronic means, two hours after the document or information was sent or supplied; and
  - 74.1.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purpose of this Article, no account shall be taken of any part of a day that is not a business day.

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

**75 COMPANY SEALS**

- 75.1 Any common seal may only be used by the authority of the directors.
- 75.2 The directors may decide by what means and in what form any common seal is to be used.
- 75.3 Unless otherwise decided by the directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 75.4 For the purposes of this Article, an authorised person is:
- 75.4.1 any director of the Company;
  - 75.4.2 the company secretary (if any); or
  - 75.4.3 any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

**76 NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS**

Except as provided by law or authorised by the directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a member.

**77 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS**

The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

**78 DIRECTORS' INDEMNITY AND INSURANCE**

- 78.1 Subject to the provisions of the Act (but so that this Article 78.1 does not extend to any matter insofar as it would cause this Article or any part of it to be void thereunder), the Company:

78.1.1 shall, without prejudice to any indemnity to which the person concerned may otherwise be entitled, indemnify any director or other officer (other than an auditor) of the Company and any associated company against all losses and liabilities incurred by him in the actual or purported execution, or discharge, of their duties in relation to:

- a) the Company;
- b) any associated company; and
- c) any occupational pension scheme of which the Company or any associated company is a trustee

including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in their favour (or the proceedings are otherwise disposed of without any finding of any material breach of duty on their part) or in which he is acquitted or in connection with any application in which the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company, any associated company

or any occupational pension scheme of which the Company or any associated company is a trustee; and

78.1.2 may, without prejudice to the provisions of Article 78.1.1, purchase and maintain insurance for any person who is or was a director or officer of the company or any associated company against any loss or liability which he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust or otherwise in relation to the Company, any associated company, any employees' share scheme of the Company or of any associated company or any occupational pension scheme of which the Company or any associated company is a trustee

where for the purposes of this Article 78.1, companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

## 79 DATA PROTECTION

79.1 Each of the members and directors (from time to time) consents to the processing of their personal data by the Company, its members and directors (each a "**Recipient**") for the purposes of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information amongst themselves. A Recipient may process such personal data either electronically or manually.

79.2 The personal data that may be processed for such purposes under this Article 79 shall include any information which may have a bearing on the prudence or commercial merits of investing in, or disposing of any Shares (or other investment or security) in, the Company. Save as required by law, court order or any regulatory authority, that personal data shall not be disclosed by a Recipient or any other person, except to:

79.2.1 a Member of the Same Group as the Recipient (each a "**Recipient Group Company**");

79.2.2 employees, directors and professional advisers of that Recipient or any Recipient Group Company; and

79.2.3 funds managed by any of the Recipient Group Companies.

79.3 Each of the members and directors consent (from time to time) to the transfer of such personal data to persons acting on behalf of any Recipient and to the offices of any Recipient, both within and outside the European Economic Area, for the purposes stated above, where it is necessary or desirable to do so.