



## Articles of Association

Tribo Technologies Limited

(adopted by special resolution passed on  
November 18<sup>th</sup> 2020)

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

**OF**

**Tribo Technologies Limited (REGISTERED NUMBER: 09834115) (the Company)**

**(adopted by special resolution passed on 18 November 2020)**

**IT IS AGREED** as follows:

**1 Introduction**

- 1.1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these articles (the **Model Articles**) shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In these Articles and the Model Articles any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.
- 1.3 In these Articles:
- 1.3.1 article headings are used for convenience only and shall not affect the construction or interpretation of these Articles;
  - 1.3.2 words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa;
  - 1.3.3 Model articles 8(2), 9(4), 10(3), 11(2), 13, 14, 17(1)(a), 17(2), 17(3), 19, 20, 21, 26(5), 27, 28, 29, 30(5) to (7) (inclusive), 44(4), 51, 52 and 53 shall not apply to the Company;
  - 1.3.4 reference to **issued Shares** of any class shall exclude any Shares of that class held as Treasury Shares from time to time, unless stated otherwise; and
  - 1.3.5 reference to the **holders** of Shares or a class of Share shall exclude the Company holding Treasury Shares from time to time, unless stated otherwise.

**2 Definitions**

- 2.1 In these Articles the following words and expressions shall have the following meanings:

<b>Acquisition Amount</b>	the subscription price paid in relation to the relevant Seed Shares being, in relation to those Seed Shares issued on or around the Date of Adoption, £34.27 per such Seed Share;
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<b>Act</b>	the Companies Act 2006 (as amended from time to time)
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<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 from time to time)
<b>Ada Ventures</b>	Ada Partners LLP, a limited liability partnership registered in England and Wales under registration number OC423404 whose registered office is at c/o Humphreys Law Ltd, 2 Eastbourne Terrace, London W2 6LG
<b>Asset Sale</b>	the disposal by the Company of all or substantially all of its undertaking and assets (where disposal may include, without limitation, the grant by the Company of an exclusive licence of intellectual property not entered into in the ordinary course of business)
<b>Associate</b>	<p>in relation to any person means:</p> <ul style="list-style-type: none"> <li>(a) any person who is an associate of that person and the question of whether a person is an associate of another is to be determined in accordance with section 435 of the Insolvency Act 1986 and (whether or not an associate as so determined);</li> <li>(b) any Member of the same Group;</li> <li>(c) any Member of the same Fund Group</li> </ul>
<b>Available Profits</b>	profits available for distribution within the meaning of part 23 of the Act
<b>Bad Leaver</b>	<p>means, in relation to the Founder, if he:</p> <ul style="list-style-type: none"> <li>(a) ceases to be an employee of or a consultant to a Group Company where such cessation is due to the Founder's dismissal by the Company from his service contract, employment contract or consultancy agreement (as the case may be) for Cause other than where the Founder is found by an employment tribunal or court of competent jurisdiction to have been unfairly dismissed; or</li> <li>(b) while employed by the Company or during the period of twelve months commencing on the Effective Termination Date, commits a material breach of the restrictive covenants in the Subscription and Shareholders' Agreement which cannot effectively be remedied (without loss to the Company or the Lead Investor) or which the Founder fails effectively to remedy (without loss to the Company or the Lead Investor) within 15 Business Days of receipt of a notice in writing from the Lead Investor specifying the breach and requiring remedy; or</li> <li>(c) applies for an interim order (within the meaning of the Insolvency Act 1986) or enters</li> </ul>

into an individual voluntary arrangement or is made bankrupt, or makes an arrangement or composition with the Founder's creditors; or

- (d) resigns from his employment or engagement with the Company (save: (i) for circumstances where such resignation has been discussed and agreed in advance with the Lead Investor (such agreement not to be unreasonably withheld or delayed if an appropriate successor has been identified for an orderly handover)) or (ii) in circumstances that are determined by an employment tribunal or court of competent jurisdiction to constitute constructive dismissal)

**Bad Leaver's Percentage**

means for the purposes of determining the percentage of Founder Shares that are required, pursuant to article 17.1.1, to be converted into Deferred Shares, such percentage (rounded to the nearest decimal place) as shall be calculated as follows:

$$100 - (1.388 \times NM)$$

where NM = number of full calendar months from the Date of Adoption to the Effective Termination Date, provided that, in the case of a Bad Leaver, the Bad Leaver's Percentage shall never be less than 50%

**Board**

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

**Business Day**

a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business

**Cause**

means any of the following circumstances:

- (a) dismissal by the Company on grounds of fraud or gross misconduct or a material or repudiatory breach of the terms of such person's contract of employment or consultancy (as the case may be) leading to their summary dismissal or dismissal without notice or payment in lieu of notice as a consequence of such misconduct or breach; and/or
- (b) being convicted of, or entering a plea of no contest to, a criminal offence (other than a driving offence carrying only a non-custodial sentence); or
- (c) any acts that are injurious to or materially discredit the Company or its reputation (as determined by the Directors and the Lead Investor, acting reasonably)

**Civil Partner**

in relation to a Shareholder, a civil partner as defined (in the Civil Partnership Act 2004) of the Shareholder

<b>Company's Lien</b>	has the meaning given to it in article 35.1
<b>Controlling Interest</b>	an interest in shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the CTA 2010
<b>CTA 2010</b>	the Corporation Tax Act 2010
<b>Date of Adoption</b>	the date on which these Articles were adopted
<b>Deferred Shares</b>	the deferred shares of £0.001 each in the capital of the Company (if any) in issue from time to time
<b>Director(s)</b>	a director or directors of the Company from time to time
<b>Effective Termination Date</b>	the date on which the Founder ceases to be an Employee or director of the Group
<b>Eligible Director</b>	a Director who would be entitled to vote on a matter had it been proposed as a resolution at a meeting of the Directors
<b>Employee</b>	an individual (other than an Investor Director) who is employed by or who provides consultancy services to, the Company or any member of the Group
<b>Equity Shares</b>	the Shares other than the Deferred Shares
<b>Employee Trust</b>	any trust for the purpose of an employees' share scheme (as defined by section 1166 of the Act) in relation to the Company and/or any Subsidiary of the company and/or for the purpose of enabling or facilitating transactions in shares of the company between, and involving the acquisition of beneficial ownership of such shares by, any of the persons mentioned in sub-section 682(2)(c) of the Act
<b>Encumbrance</b>	any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including without limitation any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law)
<b>Exit</b>	a Share Sale or an Asset Sale
<b>Expert Valuer</b>	as determined in accordance with article 15.1.1
<b>Fair Value</b>	as determined in accordance with article 15.3
<b>Family Trust</b>	as regards any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than the individual and/or Privileged Relations of that individual; and so that for this purpose a person

	shall be considered to be beneficially interested in a share if such share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons
<b>Financial Year</b>	an accounting reference period (as defined in section 391 the Act) of the Company
<b>Founder</b>	Max Aaron Last
<b>Founder Shares</b>	in relation to the Founder means all Shares in the Company held by: <ul style="list-style-type: none"> <li>(a) that Founder; and</li> <li>(b) any Permitted Transferee of that Founder other than in circumstances where the Shares held by those persons were not acquired directly or indirectly from that Founder</li> </ul>
<b>Fund Manager</b>	a person whose principal business is to make, manage or advise upon investments in securities
<b>Good Leaver</b>	means, in relation to the Founder, if he ceases to be an Employee or director of the Company in circumstances where he is not a Bad Leaver and shall include, without limitation, when the Board (including Investor Director Consent) determine that the Founder is not a Bad Leaver
<b>Group</b>	the Company and its Subsidiary Undertaking(s) (if any) from time to time and <b>Group Company</b> shall be construed accordingly
<b>Holding Company</b>	a newly formed holding company, pursuant to which the membership, pro rata shareholdings and classes of shares comprised in such holding company matches that of the Company immediately prior to the transfer of the issued share capital of the Company to such holding company
<b>Institutional Investor</b>	a fund, partnership, body corporate, trust or other person or entity whose principal business is to make investments or a person whose business is to make, manage or advise upon investments for any of the foregoing
<b>Investor Director</b>	the director appointed by the Lead Investor pursuant to article 26.1
<b>Investor Director Consent</b>	the prior written consent of the Investor Director
<b>Investor Fund Manager</b>	a Fund Manager which advises or manages the Lead Investor
<b>IPO</b>	the admission of all or any of the Shares or securities representing those shares (including without limitation depositary interests, American depositary receipts,

American depositary shares and/or other instruments) to or the grant of permission by any like authority for the same to be admitted to or traded or quoted on NASDAQ or the Official List of the United Kingdom Listing Authority or the AIM Market operated by the London Stock Exchange Plc or any other recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000)

**ITEPA**

Income Tax (Earnings and Pensions) Act 2003

**Lead Investor**

Ada Ventures I LP, a limited partnership registered in England and Wales under registered number LP020291 whose registered office on the Date of Adoption was c/o Humphreys Law Ltd, 2 Eastbourne Terrace, London W2 6LG acting by its general partner AV I GP LLP

**Lead Investor Consent**

(for so long as the Lead Investor (and its Permitted Transferees) holds 10% or more of the Shares) the prior written consent of the Lead Investor

**Leaver's Percentage**

for the purposes of determining the percentage of Founder Shares that are required, pursuant to article 17.1.2, to be transferred at Fair Value as part of a Deemed Transfer Notice, or pursuant to article 17.1.3, to be converted into Deferred Shares, such percentage (rounded to the nearest one decimal place) shall be calculated as follows:

$$65 - (1.805 \times NM)$$

where NM = number of full calendar months from the Date of Adoption to the Effective Termination Date,

provided that, in the event of a change of Controlling Interest during the Vesting Period, all of the Founder's Founder Shares shall have deemed to have vested for the purposes of article 17

**Lien Enforcement Notice**

has the meaning given in article 35.3.1

**Member of the same Fund Group**

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

- (a) any participant or partner in or member of any such Investment Fund, save where such participant or partner of such Investment Fund has an interest in a company which is competitive with the Business (directly or indirectly) or could become competitive with the Business or the holders of any unit trust which is a participant or partner in or member of any Investment Fund (but only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business);



	<ul style="list-style-type: none"> <li>(b) any other Investment Fund managed by that Fund Manager;</li> <li>(c) any Parent Undertaking or Subsidiary Undertaking of that Fund Manager, or any Subsidiary Undertaking of any Parent Undertaking of that Fund Manager; or</li> <li>(d) any trustee, nominee or custodian of such Investment Fund</li> </ul>
<b>a Member of the same Group</b>	as regards any company, a company which is from time to time a Parent Undertaking or a Subsidiary Undertaking of that company or a Subsidiary Undertaking of any such Parent Undertaking
<b>NASDAQ</b>	the NASDAQ Stock Market of the NASDAQ OMX Group Inc.
<b>New Securities</b>	any shares or other securities convertible into, or carrying the right to subscribe for, those shares issued by the Company after the Date of Adoption (other than shares or securities issued as a result of the events set out in article 11.6)
<b>Offer</b>	has the meaning set out in article 18.2
<b>Offer Period</b>	has the meaning set out in article 18.3
<b>Ordinary Shareholders</b>	the holders from time to time of the Ordinary Shares
<b>Ordinary Shares</b>	the ordinary shares of £0.001 each in the capital of the Company having the rights set out in these Articles
<b>Permitted Options</b>	options over up to 29,240 Ordinary Shares as referred to in article 11.6.1
<b>Permitted Transfer</b>	a transfer of Shares in accordance with article 12
<b>Permitted Transferee</b>	means: <ul style="list-style-type: none"> <li>(a) in relation to a Shareholder who is an individual, <ul style="list-style-type: none"> <li>(i) any of such individual's Privileged Relations or Trustees; or</li> <li>(ii) any company 100% owned by that individual in his own name, or owned 100% when aggregated with the holding of another Shareholder; or</li> <li>(iii) any Investment Fund managed or advised by (a) that individual (solely or with any other person or persons) or (b) a Fund Manager in which that individual has a direct or indirect interest, save where, in either case, such Investment Fund has an interest in a company which is competitive with the Business (directly or indirectly) or could become</li> </ul> </li> </ul>

competitive with the Business;

- (b) in relation to a Shareholder which is an undertaking (as defined in section 1161(1) of the Act) means any Member of the same Group;
- (c) in relation to a Shareholder which is an Investment Fund means any Member of the same Fund Group;
- (d) in relation to any Shareholder:
  - (iv) to any other Shareholder (subject to the prior written consent of the Lead Investor);
  - (v) in the case of the Lead Investor only, if the proposed transaction is part of a portfolio sale being undertaken by the Lead Investor; and
  - (vi) to any nominee of any Shareholder (subject to the prior written consent of the Board).

<b>Priority Rights</b>	the rights of Shareholders to purchase Shares contained in a Transfer Notice
<b>Privileged Relation</b>	in relation to a Shareholder who is an individual member or deceased or former individual member means a spouse, Civil Partner, sibling, child or grandchild (including step or adopted or illegitimate child and their issue)
<b>Proceeds of Sale</b>	means the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale less any fees, costs and expenses payable in respect of such Share Sale as approved by the Lead Investor acting reasonably
<b>Proposed Purchaser</b>	a proposed purchaser who at the relevant time has made an offer on arm's length terms
<b>Proposed Sale Date</b>	has the meaning given in article 18.3
<b>Proposed Sale Notice</b>	has the meaning given in article 18.3
<b>Proposed Sale Shares</b>	has the meaning given in article 18.3
<b>Proposed Seller</b>	any person proposing to transfer any shares in the capital of the Company
<b>Proposed Transfer</b>	has the meaning given in article 18.1
<b>Qualifying Person</b>	has the meaning given in section 318(3) of the Act
<b>Relevant Interest</b>	has the meaning set out in article 29.5
<b>Sale Shares</b>	has the meaning set out in article 14.2.1

<b>Seed Shares</b>	the series seed convertible preferred shares of £0.001 each in the capital of the Company having the rights set out in these Articles
<b>Seller</b>	has the meaning set out in article 14.2
<b>Serious Ill Health</b>	means an illness or disability certified by a general medical practitioner (nominated or approved by the Lead Investor) as rendering the departing employee permanently incapable of carrying out their role as an employee save where such incapacity has arisen as a result of the abuse of drugs or alcohol
<b>Shareholder</b>	a holder for the time being of any Share or Shares
<b>Shares</b>	the shares in the capital of the Company of any class, including the Ordinary Shares, the Seed Shares and the Deferred Shares and each is a <b>Share</b>
<b>Share Sale</b>	the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and persons Acting in Concert with such purchaser together acquiring a Controlling Interest in the Company, except where following completion of the sale the shareholders and the proportion of shares held by each of them are the same as the shareholders and their shareholdings in the Company immediately prior to the sale
<b>Subscription and Shareholders' Agreement</b>	the subscription and shareholders' agreement dated on or around the Date of Adoption between, amongst others, the Company, the Lead Investor and the Founder as varied or replaced from time to time
<b>Subsidiary, Subsidiary Undertaking and Parent Undertaking</b>	have the respective meanings set out in sections 1159 and 1162 of the Act
<b>Transfer Notice</b>	has the meaning given in article 14.2
<b>Transfer Price</b>	has the meaning given in article 14.2.3
<b>Treasury Shares</b>	shares in the capital of the Company held by the Company as treasury shares from time to time within the meaning set out in section 724(5) of the Act
<b>Trustees</b>	in relation to a Shareholder means the trustee or the trustees of a Family Trust
<b>Vesting Period</b>	the period of three years following the Date of Adoption

### **3 Share capital**

- 3.1 In these Articles, unless the context requires otherwise, references to shares of a particular class shall include shares allotted and/or issued after the Date of Adoption and ranking pari passu in all respects (or in all respects except only as to the date from

which those shares rank for dividend) with the shares of the relevant class then in issue.

- 3.2 Except as otherwise provided in these Articles, the Seed Shares and the Ordinary Shares shall rank pari passu in all respects but shall constitute separate classes of shares.
- 3.3 Whenever as a result of a consolidation of Shares any Shareholders would become entitled to fractions of a Share, the Directors may, on behalf of those Shareholders, sell the Shares representing the fractions for the best price reasonably obtainable to any Shareholder (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among the Shareholders, and the Directors may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall such transferee's title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
- 3.4 When the Company sub-divides or consolidates all or any of its Shares, the Company may, subject to the Act and to these Articles, and with Lead Investor Consent determine that, as between the Shares resulting from the sub-division or consolidation, any of them may have any preference or advantage or be subject to any restriction as compared with the others.
- 3.5 The words "and the directors may determine the terms, conditions and manner of redemption of any such shares" shall be deleted from article 22(2) of the Model Articles.
- 3.6 Paragraph (c) of article 24(2) of the Model Articles shall be amended by the replacement of the words "that the shares are fully paid; and" with the words "the amount paid up on them; and".
- 3.7 In article 25(2) of the Model Articles, the words "payment of a reasonable fee as the directors decide" in paragraph (c) shall be deleted and replaced by the words "payment of the expenses reasonably incurred by the Company in investigating evidence as the directors may determine".
- 3.8 For the avoidance of doubt, the Company shall not exercise any right in respect of any Treasury Shares, including without limitation any right to:
  - 3.8.1 receive notice of or to attend or vote at any general meeting of the Company;
  - 3.8.2 receive or vote on any proposed written resolution; and
  - 3.8.3 receive a dividend or other distributionsave as otherwise permitted by section 726(4) of the Act.

#### **4 Deferred Shares**

- 4.1 Prior to any distribution under article 6 or article 7, the holders of the Deferred Shares shall be entitled to receive £1 in aggregate but no further proceeds or payment. This payment shall be deemed satisfied by the payment of £1 to any holder of Deferred Share at the relevant time.
- 4.2 Subject to article 4.1, the Deferred Shares do not confer on the holders thereof any right whatsoever of participation in the capital returns, profits or assets of the Company.
- 4.3 The conversion or re-designation of Shares into Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time after their allotment, issue, conversion or re-designation, without obtaining the sanction of such holder(s), to:

- 4.3.1 appoint any person to execute any transfer (or any agreement to transfer) such Deferred Shares to such person(s) as the Company may determine (as nominee or custodian thereof or otherwise);
  - 4.3.2 give, on behalf of such holder, consent to the cancellation of such Deferred Shares; and/or
  - 4.3.3 purchase such Deferred Shares in accordance with the Act,
- in any such case (i) for a price being not more than an aggregate sum of £1 for all the Deferred Shares registered in the name of such holder(s) and (ii) with the Company having authority pending such transfer, cancellation and/or purchase to retain the certificates (if any) in respect thereof.

- 4.4 No Deferred Share may be transferred without the prior consent of the Board acting with Investor Director Consent.

## **5 Dividends**

- 5.1 In respect of any Financial Year, the Company's Available Profits may, at the discretion of the Directors subject to Lead Investor Consent, be used to pay dividends.
- 5.2 Every dividend shall be distributed to the shareholders pro rata according to the numbers of Shares held by them respectively and shall accrue on a daily basis assuming a 365 day year. All dividends are expressed net and shall be paid in cash.
- 5.3 Article 31(1) of the Model Articles shall be amended by:
  - 5.3.1 the replacement of the words "either in writing or as the directors may otherwise decide" at the end of paragraphs (a), (b) and (c) of that article 31(1) with the words "in writing"; and
  - 5.3.2 the replacement of the words "either in writing or by such other means as the directors decide" from the end of paragraph (d) of that article 31(1) with the words "in writing".
- 5.4 Subject to the Act and these Articles, the Board may, with Lead Investor Consent, pay interim dividends if justified by the Available Profits in respect of the relevant period.
- 5.5 If:
  - 5.5.1 a Share is subject to the Company's Lien; and
  - 5.5.2 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. Money so deducted shall be used to pay any of the sums payable in respect of that Share. The Company shall notify the distribution recipient in writing of:

  - 5.5.3 the fact and sum of any such deduction;
  - 5.5.4 any non-payment of a dividend or other sum payable in respect of a Share resulting from any such deduction; and
  - 5.5.5 how the money deducted has been applied.

## **6 Liquidation preference**

- 6.1 On a distribution of assets, a liquidation, dissolution, winding up or a return of capital (other than a conversion, redemption or purchase of Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied (to the extent that the Company is lawfully permitted to do so and subject to article 4.1) in the following order of priority:
- 6.1.1 first in paying to the holders of the Seed Shares an amount equal to the higher of:
- (a) the Acquisition Amount of the Seed Shares and if there are insufficient surplus assets to pay the amounts per share equal to the Acquisition Amount, then such surplus assets shall be distributed to the holders of the Seed Shares pro rata to the Acquisition Amount in relation to the Seed Shares they hold; and
  - (b) the amount which would be payable to the holders of the Seed Shares if the surplus assets were distributed among all Shareholders as if the Ordinary Shares and the Seed Shares represented a single class of share; and
- 6.1.2 next, the balance of the surplus assets (if any) shall be distributed among the holders of the Ordinary Shares pro rata to the number of shares held.

## **7 Exit provisions**

- 7.1 On a Share Sale, the Proceeds of Sale shall, subject to article 4.1, be distributed in the following order of priority:
- 7.1.1 first in paying to the holders of the Seed Shares an amount equal to the higher of:
- (a) the Acquisition Amount in relation to those Seed Shares and if there are insufficient Proceeds of Sale to pay the amounts per share equal to the Acquisition Amount, the Proceeds of Sale shall be distributed to the holders of the Seed Shares pro rata to the Acquisition Amount in relation to the Seed Shares they hold; and
  - (b) the amount which would be payable to the holders of the Seed Shares if the Proceeds of Sale were distributed among all Shareholders as if the Ordinary Shares and the Seed Shares represented a single class of share; and
- 7.1.2 next, the balance of the Proceeds of Sale (if any) shall be distributed among the holders of the Ordinary Shares pro rata to the number of shares held.
- 7.2 The Directors shall not register any transfer of Shares in connection with a Share Sale if the Proceeds of Sale are not distributed in accordance with article 7.1 save in respect of any Shares not sold in connection with that Share Sale. If the Proceeds of Sale are not settled in their entirety upon completion of the Share Sale:
- 7.2.1 the Directors shall not be prohibited from registering the transfer of the relevant Shares so long as the Proceeds of Sale that are settled have been distributed in the order of priority set out in article 7.1; and
- 7.2.2 the Shareholders shall take any action reasonably required by notice in writing from the Investor Director and the Founder to ensure that the Proceeds of Sale in their entirety are distributed in the order of priority set out in article 7.1.

- 7.3 In the event that the Proceeds of Sale are distributed on more than one occasion (for any deferred or contingent consideration or otherwise), the consideration so distributed on any further occasion shall be paid by continuing the distribution from the previous distribution of consideration in the order of priority set out in article 7.1.
- 7.4 On an Asset Sale the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in article 6 provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these articles, the Shareholders shall take any action as is necessary (including, but without prejudice to the generality of this article 7.4, actions that may be necessary to put the Company into voluntary liquidation so that article 6 applies).

## **8 Votes in general meeting and written resolutions**

- 8.1 Each holder of Shares shall have the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.
- 8.2 On a show of hands, each holder of Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote and, on a poll or on a written resolution, Shares held by each such holder shall have one vote for each Share held by that holder.
- 8.3 The Deferred Shares (if any) shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.
- 8.4 No voting rights attached to a share which is nil paid may be exercised:
- 8.4.1 at any general meeting, at any adjournment of it or at any poll called at or in relation to it; or
- 8.4.2 on any proposed written resolution.

## **9 Conversion of Seed Shares**

- 9.1 Any holder of fully paid Seed Shares may at any time convert all of the fully paid Seed Shares held by it into the same number of fully paid Ordinary Shares by notice in writing given to the Company signed by or on behalf of the holder(s) of Seed Shares wishing to effect such conversion (a **Conversion Notice**) subject to proportional adjustments of share splits, dividends or recapitalisations. The conversion shall take effect immediately upon the date of delivery of the Conversion Notice to the Company (or, if later, as specified in the Conversion Notice) at which time the Company and the members shall do all acts necessary to procure that conversion.
- 9.2 Any holder of Seed Shares who serves a Conversion Notice pursuant to article 9.1 above shall deliver the certificate(s) for those shares (or an indemnity in a form reasonably satisfactory to the Board) on or before the date of conversion. The Company shall issue certificates for the Ordinary Shares arising on conversion within five days of the date of conversion.
- 9.3 All the Seed Shares then in issue shall convert automatically into fully paid Ordinary Shares without the delivery of a Conversion Notice:
- 9.3.1 with Lead Investor Consent; or
- 9.3.2 upon the closing of an IPO.

- 9.4 The Ordinary Shares arising on conversion pursuant to this article 9 shall rank pari passu in all respects with the issued Ordinary Shares.

## **10 Variation of rights**

- 10.1 Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any such class other than the Seed Shares 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 more than 75% in nominal value of the issued shares of that class and Lead Investor Consent and the special rights attaching to the Seed Shares may only be varied or abrogated with Lead Investor Consent.
- 10.2 The creation of a new class of shares which has preferential rights to one or more existing classes of shares shall not constitute a variation of the rights of those existing classes of shares.

## **11 Allotment of new shares or other securities: pre-emption**

- 11.1 In accordance with sections 567(1) and/or 570 of the Act, sections 561(1) and 562(1) to (5) (inclusive) of the Act do not apply to an allotment of equity securities made by the Company.
- 11.2 Unless otherwise consented to in writing by the holders of not less than 75% of the Shares in issue at that time, including Lead Investor Consent, if the Company proposes to allot any New Securities those New Securities shall not be allotted to any person unless the Company has in the first instance offered them to all holders of Equity Shares on the same terms and at the same price as those New Securities are being offered to other persons on a pari passu and pro rata basis to the number of Equity Shares held by those holders (as nearly as may be without involving fractions). The offer shall:
- 11.2.1 be in writing and give details of the number, class and subscription price (including any share premium) of the New Securities being offered;
  - 11.2.2 shall remain open for acceptance for a period of not less than 14 days from the date of service of the offer; and
  - 11.2.3 may stipulate that any Shareholder who wishes to subscribe for a number of New Securities in excess of the proportion to which each is entitled under article 11.2 shall in their acceptance state the number of excess New Securities (**Excess Securities**) for which they wish to subscribe.
- 11.3 Any New Securities not accepted by Shareholders pursuant to the offer made to them in accordance with article 11.2 shall be used for satisfying any requests for Excess Securities made pursuant to article 11.2.3 and in the event that there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants on a pro rata basis to the number of Equity Shares held by the applicants immediately prior to the offer made to Shareholders in accordance with article 11.2 (as nearly as may be without involving fractions or increasing the number allotted to any Shareholder beyond that applied for by such Shareholder) and after that allotment, any Excess Securities remaining shall be offered to any other person as the Directors may determine at the same price and on the same terms as the offer to the Shareholders.
- 11.4 The Lead Investor may assign the subscription rights granted to it under this article 11 to a Member of the same Fund Group as the Lead Investor and the Lead Investor shall be entitled to direct that the Shares subscribed for by it pursuant to the subscription rights granted to it under this article 11 be issued and registered in the name of any nominee or custodian holding such shares on its behalf as bare nominee. Any recipient of Shares as a result of an assignment or direction pursuant to this article shall hold the



Shares as if they had received them pursuant to a Permitted Transfer from the Lead Investor for the purposes of these Articles.

- 11.5 Subject to articles 11.2 and 11.3 and to the provisions of section 551 of the Act, any New Securities shall be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper, subject to Lead Investor Consent.
- 11.6 The provisions of articles 11.2 to 11.5 shall not apply to:
  - 11.6.1 Permitted Options (or the allotment of Shares pursuant to them);
  - 11.6.2 New Securities issued or granted in order for the Company to comply with its obligations under these Articles;
  - 11.6.3 New Securities issued in consideration of the acquisition by the Company of any company or business which has been approved in writing by Lead Investor Consent;
  - 11.6.4 New Securities issued as a result of a bonus issue of shares which has been approved in writing by Lead Investor Consent; or
  - 11.6.5 Shares issued or granted in accordance with the terms of the Subscription and Shareholders' Agreement.
- 11.7 Any New Securities offered under this article 11 to the Lead Investor may be accepted in full, or part only, by a Member of the same Fund Group as the Lead Investor in accordance with the terms of this article 11 save that such recipient of Shares shall hold the Shares as if they had received them pursuant to a Permitted Transfer from the Lead Investor for the purposes of these Articles.
- 11.8 No Shares shall be allotted (nor any Treasury Shares transferred) to any Employee, Director, prospective Employee or prospective director of the Company unless such person has entered into a joint section 431 ITEPA election with the Company.

## **12 Transfers of Shares - general**

- 12.1 In articles 12 to 20 inclusive, reference to the transfer of a Share includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.
- 12.2 No Share may be transferred unless the transfer is made in accordance with these Articles.
- 12.3 If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles it will be deemed, if the Board so resolves, immediately to have served a Transfer Notice in respect of all Shares held by such Shareholder.
- 12.4 Any transfer of a Share by way of sale which is required to be made under articles 13 to 18 (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee.
- 12.5 The Directors may refuse to register a transfer if:
  - 12.5.1 it is a transfer of a Share to a bankrupt, a minor or a person of unsound mind;
  - 12.5.2 the transfer is to an Employee, Director or prospective Employee or prospective director of the Company and such person has not entered in a joint section 431 ITEPA election with the Company;

- 12.5.3 it is a transfer of a Share which is not fully paid:
- (a) to a person of whom the Directors do not approve; or
  - (b) on which Share the Company has a lien;
- 12.5.4 the transfer is not lodged at the registered office or at such other place as the Directors may appoint; or
- 12.5.5 the transfer is not accompanied by the certificate for the Shares to which it relates (or an indemnity in respect of a lost share certificate in a form approved by the Board) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

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

- 12.6 The Directors may, as a condition to the registration of any transfer of shares in the Company (whether pursuant to a Permitted Transfer or otherwise), require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of the Subscription and Shareholders' Agreement or any other shareholders' agreement or similar document in force between some or all of the Shareholders and the Company in any form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) and if any condition is imposed in accordance with this article 12.6 the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.
- 12.7 To enable the Directors to determine whether or not there has been any transfer of shares in the capital of the Company (or any interest in shares in the capital of the Company) in breach of these Articles the Directors may require any holder or the legal personal representatives of any deceased holder or any person named as transferee in any transfer lodged for registration or any other person who the Directors or the Investor Director may reasonably believe to have information relevant to that purpose, to furnish to the Company that information and evidence that the Directors may request regarding any matter which they deem relevant to that purpose, including (but not limited to) the names, addresses and interests of all persons respectively having interests in the shares in the capital of the Company from time to time registered in the holder's name.
- 12.8 If the information or evidence referred to in article 12.7 is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or where as a result of the information and evidence the Directors are reasonably satisfied that a breach has occurred, the Directors may notify the holder of such shares in the capital of the Company in writing of that fact and the following shall occur:
- 12.8.1 the relevant shares shall cease to confer upon the holder of them (including any proxy appointed by the holder) any rights:
- (a) to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting or on a written resolution of the Company or at any separate meeting or written resolution of the class in question) provided that such rights shall not cease if as a result of such cessation the Company shall become a Subsidiary of the Lead Investor or a Permitted Transferee of the Lead Investor; or
  - (b) to receive dividends or other distributions otherwise attaching to those shares or to any further shares issued in respect of those shares; and

- 12.8.2 the holder shall if the Board (with Investor Director Consent) so resolves be deemed to have served a Transfer Notice in respect of all of its Shares.

The rights referred to in article 12.8.1 may be reinstated by the Board subject to Lead Investor Consent and shall in any event be reinstated upon the completion of any transfer referred to in article 12.8.2.

- 12.9 In any case where the Board requires a Transfer Notice to be given in respect of any Shares in accordance with the provisions of these Articles, if a Transfer Notice is not duly given within a period of 10 Business Days of demand being made, a Transfer Notice shall be deemed to have been given at the expiration of that period.
- 12.10 If a Transfer Notice is required to be given or is deemed to have been given under these Articles, the Transfer Notice will be treated as having specified that:
- 12.10.1 the Transfer Price for the Sale Shares will be as agreed between the Board (any director with whom the Seller is connected (within the meaning of section 252 of the Act) not being eligible to vote) and the Seller, or, failing agreement within five Business Days after the date on which the Board becomes aware that a Transfer Notice has been given or deemed to have been given, will be the Fair Value of the Sale Shares;
- 12.10.2 it does not include a Minimum Transfer Condition (as defined in article 14.2.4; and
- 12.10.3 the Seller wishes to transfer all of the Shares held by it.
- 12.11 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:
- 12.11.1 the transferor; and
- 12.11.2 if any of the shares is partly or nil paid, the transferee.
- 12.12 Any Seed Shares which are transferred to person who does not already hold Seed Shares (other than by a shareholder to a Permitted Transferee) shall, if required by the Lead Investor (by service of written notice upon the Company either before or in the period of 40 Business Days following completion of such transfer), be immediately converted to Ordinary Shares.

### **13 Permitted Transfers**

- 13.1 A Shareholder (the **Original Shareholder**) (other than one who (i) is a trustee of an Employee Trust or a Family Trust); or (ii) became a Shareholder as a result of a previous Permitted Transfer; or (iii) became a Shareholder pursuant to a transfer by the trustees of an Employee Trust as contemplated by article 13.10 or a transfer by the trustees of a Family Trust as contemplated by article 13.5; or (iv) is a bankrupt or trustee in bankruptcy) may at any time transfer all or any Shares held by such Shareholder (other than any such Shares which are at that time already the subject of a Transfer Notice) to a Permitted Transferee without restriction as to price or otherwise.
- 13.2 Any Permitted Transferee to whom Shares are transferred pursuant to article 13.1 may at any time transfer all or any Shares back to the Original Shareholder from whom such Permitted Transferee received them (along with any additional Shares issued or transferred to such Permitted Transferee by virtue of that holding of Shares) without restriction as to price or otherwise.
- 13.3 Where under the provision of a deceased Shareholder's will or laws as to intestacy, the persons legally or beneficially entitled to any Shares, whether immediately or contingently, are Permitted Transferees of the deceased Shareholder, the legal representative of the deceased Shareholder may transfer any Share to those Permitted

Transferees, in each case without restriction as to price or otherwise. Shares previously transferred as permitted by this article 13.3 may be transferred by the transferee to any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.

- 13.4 If a Permitted Transferee ceases to be a Permitted Transferee of the Original Shareholder, the Permitted Transferee must forthwith on receipt of written notice from the Original Shareholder and in any event within one month of the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or another Permitted Transferee of the Original Shareholder (which is not in liquidation) without restriction as to price or otherwise failing which if the Board so resolves it will be deemed to have given a Transfer Notice in respect of those Shares.
- 13.5 Trustees may (i) transfer Shares to a company in which they hold the whole of the share capital and which they control (a **Qualifying Company**) or (ii) transfer Shares to the Original Shareholder or to another Permitted Transferee of the Original Shareholder or (iii) transfer Shares to the new or remaining trustees upon a change of Trustees without restrictions as to price or otherwise.
- 13.6 No transfer of Shares may be made to Trustees unless the Board is reasonably satisfied:
- 13.6.1 with the terms of the trust instrument and in particular with the powers of the trustees;
  - 13.6.2 with the identity of the proposed trustees;
  - 13.6.3 that the proposed transfer will not result in 50% or more of the aggregate of the Company's equity share capital being held by trustees of that and any other trusts; and
  - 13.6.4 that no costs incurred in connection with the setting up or administration of the Family Trust in question are to be paid by the Company.
- 13.7 If a company to which a Share has been transferred under article 13.6, ceases to be a Qualifying Company it must within five Business Days of so ceasing, transfer the Shares held by it to the Trustees or to a Qualifying Company (any may do so without restriction as to price or otherwise) failing which it will be deemed to have given a Transfer Notice in respect of such Shares.
- 13.8 On the death (subject to article 13.3), bankruptcy, liquidation, administration or administrative receivership of a Permitted Transferee (other than a joint holder) its personal representatives or trustee in bankruptcy, or its liquidator, administrator or administrative receiver must within five Business Days after the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee without restriction as to price or otherwise. The transfer shall be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder. If the transfer is not executed and delivered within five Business Days of such period or if the Original Shareholder has died or is bankrupt or is in liquidation, administration or administrative receivership, the personal representative or trustee in bankruptcy or liquidator, administrator or administrative receiver will be deemed to have given a Transfer Notice.
- 13.9 Any Shares may at any time be transferred where there is a sale of the entire issued share capital of the Company to a Holding Company, which has been approved by Lead Investor Consent.
- 13.10 Any Shares held by the trustees(s) of any Employee Trust may at any time be transferred:

- 13.10.1 to the new trustees for the time being of that Employee Trust; or
- 13.10.2 to any person who is so entitled as beneficiary of any such Employee Trust in accordance with the deed and rules of that Employee Trust.

#### **14 Transfers of Shares subject to pre-emption rights**

- 14.1 Save where the provisions of articles 13 (Permitted Transfers), 18 (Mandatory offer on Change of Control) and 20 (Drag-along) apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights contained in this article 14.
- 14.2 A Shareholder who wishes to transfer Shares to a bona fide third party (a **Seller**) shall, except as otherwise provided in these Articles, before transferring or agreeing to transfer any Shares give notice in writing (a **Transfer Notice**) to the Company specifying:
  - 14.2.1 the number of Shares which he wishes to transfer (the **Sale Shares**);
  - 14.2.2 the name of the proposed transferee (**Third Party Transferee**);
  - 14.2.3 the price (in cash) at which such Shareholder has agreed to transfer the Sale Shares to the Third Party Transferee or the Fair Value where no cash price is agreed between the Seller and the Board (including Investor Director Consent) (the **Transfer Price**); and
  - 14.2.4 whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold to Shareholders (a **Minimum Transfer Condition**).

Where the Transfer Notice is deemed to have been served pursuant to Article 12.9 the Transfer Price must be agreed between the Seller and the Board (including Investor Director Consent). In both cases, the price will be deemed to be Fair Value of the Sale Shares if no price is agreed within 5 Business Days of the Company receiving the Transfer Notice.

- 14.3 Except with the consent of the Board and Investor Director Consent or in accordance with article 14.8, no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn.
- 14.4 A Transfer Notice constitutes the Company as the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 14.5 As soon as practicable following the later of:
  - 14.5.1 receipt of a Transfer Notice; and
  - 14.5.2 in the case where the Transfer Notice is deemed to have been served, the determination of the Transfer Price under article 14.2,

the Board shall (save where article 18.2 applies) offer the Sale Shares for sale to the Shareholders in the manner set out in articles 14.6 and 14.7. Each offer must be in writing and give details of the number and Transfer Price of the Sale Shares offered.

#### **14.6 Transfers: First Offer**

- 14.6.1 The Board shall offer the Sale Shares to all Shareholders other than the Seller, any Permitted Transferee of the Seller and any other Shareholder to the extent the relevant Shares are already the subject of a Transfer Notice (the **Continuing Shareholders**) pro rata to their existing holdings of shares inviting them to apply in writing within the period from the date of the offer to the date 10 Business Days after the offer (inclusive) (the **First Offer Period**) for the maximum number of Sale Shares they wish to buy.

- 14.6.2 If the Sale Shares are subject to a Minimum Transfer Condition then any allocation made under articles 14.6 and 14.7 will be conditional on the fulfilment of the Minimum Transfer Condition.
- 14.6.3 If, at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder in the proportion (fractional entitlements being rounded to the nearest whole number) which such Continuing Shareholder's existing holding of Shares bears to the total number of Shares held by those Continuing Shareholders who have applied for Sale Shares but no allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.
- 14.6.4 If not all Sale Shares are allocated in accordance with article 14.6.3 but there are applications for Sale Shares that have not been satisfied those Sale Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in article 14.6.3.
- 14.6.5 If, at the end of the First Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares, the Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications and the balance (the **Initial Surplus Shares**) will be dealt with in accordance with article 14.7.
- 14.7 Transfers: Second Offer
- 14.7.1 At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares (if any) to all the Continuing Shareholders inviting them to apply in writing within the period from the date of the offer to the date 10 Business Days after the date of the offer (inclusive) (the **Second Offer Period**) for the maximum number of the Initial Surplus Shares they wish to buy.
- 14.7.2 If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the Board shall allocate the remaining Initial Surplus Shares to each Continuing Shareholder in the proportion (fractional entitlements being rounded to the nearest whole number) which its existing holding of Shares bears to the total number of Shares (including Sale Shares) held by those Continuing Shareholders who have applied during the Second Offer Period for Initial Surplus Shares but no allocation shall be made to a Shareholder of more than the maximum number of Initial Surplus Shares which such Shareholder he has stated he is willing to buy.
- 14.7.3 If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the Board shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications and the balance (the **Second Surplus Shares**) will be offered to any other person in accordance with article 14.11.
- 14.8 Completion of transfer of Sale Shares
- 14.8.1 If the Transfer Notice includes a Minimum Transfer Condition and the total number of Shares applied for is less than the number of Sale Shares the Board shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under articles 14.6 and 14.7 stating the condition has not been met and that the Seller is free to transfer the Sale Shares to the Third Party Transferee (subject at all times to article 14.12).
- 14.8.2 If:

- (a) the Transfer Notice does not include a Minimum Transfer Condition; and
  - (b) allocations have been made in respect of all the Sale Shares,

the Board shall, when no further offers are required to be made under articles 14.6 and 14.7, give written notice of allocation (an **Allocation Notice**) to the Seller and each Shareholder to whom Sale Shares have been allocated (an **Applicant**) specifying the number of Sale Shares allocated to each Applicant and the place and time (being not less than 5 Business Days nor more than 10 Business Days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares.
- 14.9 Upon service of an Allocation Notice, the Seller must, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it.
- 14.10 If the Seller fails to comply with the provisions of article 14.9 the chairperson of the Company or, failing such chairperson, one of the directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller:
  - 14.10.1 complete, execute and deliver in such Seller's name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
  - 14.10.2 receive the Transfer Price and give a good discharge for it; and
  - 14.10.3 (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and
  - 14.10.4 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until such Seller has delivered to the Company its certificate or certificates for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate).
- 14.11 If either a Seller is free to transfer its Sale Shares to the Third Party Transferee pursuant to Article 14.8.1 or where no Minimum Transfer Condition has been specified and an Allocation Notice does not relate to all the Sale Shares then, subject to article 14.12, the Seller may, within six weeks after service of the Allocation Notice or notice pursuant to clause 14.8.1 (as applicable) transfer the Second Surplus Shares or the Sale Shares (as applicable) to the Third Party Transferee at a price at least equal to the Transfer Price provided that the sale of the Second Surplus Shares or Sale Shares (as applicable) shall continue to be subject to any Minimum Transfer Conditions.
- 14.12 The right of the Seller to transfer Shares under article 14.11 does not apply if the Board (acting with Investor Director Consent) is of the opinion on reasonable grounds that:
  - 14.12.1 the transferee is a person (or a nominee for a person) who the Board with the agreement of the Investor Director, each acting reasonably, determines is a competitor with (or an Associate of a competitor with) the business of the Company or with a Subsidiary Undertaking of the Company and/or may adversely affect the Company, a Subsidiary Undertaking of the Company or the smooth running of either by their respective Boards; or
  - 14.12.2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
  - 14.12.3 the Seller has failed or refused to provide promptly information available to it and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.

- 14.13 Any Sale Shares offered under this article 14 to the Lead Investor may be accepted in full, or part only, by a Member of the same Fund Group as the Lead Investor in accordance with the terms of this article 14 save that such recipient of Shares shall hold the Shares as if they had received them pursuant to a Permitted Transfer from the Lead Investor for the purposes of these Articles.

## **15 Valuation of Shares**

- 15.1 If a Transfer Notice is deemed to have been served pursuant to article 12.9 then as soon as practicable following the date on which the Board first has actual knowledge of the facts giving rise to such deemed service, the Board shall either:
- 15.1.1 appoint expert valuers in accordance with article 15.2 (the **Expert Valuers**) to certify the Fair Value of the Sale Shares; or
  - 15.1.2 (if the Fair Value has been certified by Expert Valuers within the preceding 12 weeks) specify that the Fair Value of the Sale Shares will be calculated by dividing any Fair Value so certified by the number of Sale Shares to which it related and multiplying such Fair Value by the number of Sale Shares the subject of the Transfer Notice.
- 15.2 The Expert Valuers will be an independent firm of Chartered Accountants to be agreed between the Board and the Seller or failing agreement not later than the date 10 Business Days after the date of service of the Transfer Notice to be appointed by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party.
- 15.3 The **Fair Value** of the Sale Shares shall be determined by the Expert Valuers on the following assumptions and bases:
- 15.3.1 valuing the Sale Shares at the fair market price (or prices, as the case may be) as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed to be served);
  - 15.3.2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - 15.3.3 that the Sale Shares are capable of being transferred without restriction;
  - 15.3.4 valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
  - 15.3.5 reflecting any other factors which the Expert Valuers reasonably believe should be taken into account.
- 15.4 If any difficulty arises in applying any of these assumptions or bases then the Expert Valuers shall resolve that difficulty in whatever manner they shall in their absolute discretion think fit.
- 15.5 The Expert Valuers shall be requested to determine the Fair Value within 20 Business Days of their appointment and to notify the Board of their determination.
- 15.6 The Expert Valuers shall act as experts and not as arbitrators and their determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 15.7 The Board will give the Expert Valuers access to all accounting records or other relevant documents of the Company subject to them agreeing such confidentiality provisions as the Board may reasonably impose.



- 15.8 The Expert Valuers shall deliver their certificate to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. Unless the Sale Shares are to be sold under a deemed Transfer Notice in accordance with these Articles, the Seller may, by notice in writing to the Company within five Business Days of the service on such Seller of the copy certificate, cancel the Company's authority to sell the Sale Shares in which case the Transfer Notice shall lapse.
- 15.9 The cost of obtaining the certificate shall be paid by the Company unless the sale is pursuant to a Transfer Notice which is deemed to have been served, and the sale price certified by the Expert Valuers is less than the price (if any) offered by the directors to the Seller for the Sale Share before Expert Valuer was instructed in which case the Seller shall bear the cost.

## **16 Compulsory transfers - general**

- 16.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of that Share at a time (if any) determined by the Directors, at which time any Permitted Transferee of that bankrupt Shareholder who at that time holds any Shares pursuant to a Permitted Transfer from that bankrupt Shareholder shall also, save to the extent that the Directors (with Investor Director Consent) may otherwise determine, be deemed to have given a Transfer Notice in respect of Shares transferred to them by that bankrupt Shareholder (along with any additional Shares issued or transferred to such Permitted Transferee by virtue of that holding of Shares).
- 16.2 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of such Shareholder's death the Directors may require the legal personal representatives of that deceased Shareholder either:
- 16.2.1 to effect a Permitted Transfer of such Shares (including for this purpose an election to be registered in respect of the Permitted Transfer); or
  - 16.2.2 to show to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder.

If either requirement in this article 16.2 shall not be fulfilled to the satisfaction of the Directors a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that, the Directors may otherwise determine.

- 16.3 If a Shareholder which is a company, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets or suffers or takes any equivalent action in any jurisdiction outside England and Wales, 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.

## **17 Compulsory transfers – Founder**

- 17.1 If the Founder ceases for any reason to be an Employee or director of the Company then, unless the Board with Investor Director Consent (or Lead Investor Consent if no such Investor Director is appointed) resolves otherwise:
- 17.1.1 if the Founder is a Bad Leaver, the Bad Leaver's Percentage of the relevant Founder Shares shall automatically convert into Deferred Shares (on the basis of one Deferred Share for each Equity Share held);
  - 17.1.2 if the Founder is a Good Leaver for reason of death or Serious Ill Health during the Vesting Period, a Transfer Notice shall be deemed to have been

served in respect of the Leaver's Percentage of such Founder Shares under which the Transfer Price shall be the Fair Value; and

- 17.1.3 if the Founder is a Good Leaver for any other reason during the Vesting Period, the Leaver's Percentage of the relevant Founder Shares shall automatically convert into Deferred Shares (on the basis of one Deferred Share for Equity Share held).
- 17.2 If the number of Shares determined under articles 17.1.1, 17.1.2 or 17.1.3 above is a fraction of a share, the number of shares shall be rounded down to the nearest whole number of shares.
- 17.3 For the purposes of this article 17, the Priority Rights shall be such that the Founder Shares are offered in the following order of priority:
  - 17.3.1 first, to the Company (subject always to the provisions of the Act); and
  - 17.3.2 second, to the other Shareholders (other than the departing Founder).
- 17.4 All voting rights attached to Shares held by the Founder or any Permitted Transferee of the Founder (the **Restricted Members**), if any shall at the time the Founder ceases to be an Employee or director be suspended unless the Board and the Lead Investor notify such Restricted Members otherwise.
- 17.5 Any Shares held by the Restricted Members whose voting rights are suspended pursuant to article 17.4 (**Restricted Shares**) shall confer on the holders of Restricted Shares the right to receive a notice of and attend all general meetings of the Company but shall have no right to vote either in person or by proxy or to vote on any proposed written resolution.
- 17.6 Voting rights suspended pursuant to article 17.4 shall automatically be restored immediately prior to an IPO. If a Restricted Member transfers any Shares in the Company in accordance with these Articles (save as to a Privileged Relation or Trustee) all voting rights attached to the Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered into the Company's register of members) automatically be restored.

## **18 Mandatory Offer on a Change of Control**

- 18.1 Except in the case of Permitted Transfers and compulsory transfers pursuant to article 17, and after going through the pre-emption procedure in article 14, the provisions of article 18.2 will apply if one or more Proposed Sellers propose to transfer in one or a series of related transactions any Shares (the **Proposed Transfer**) which would, if put into effect, result in any Proposed Purchaser (and Associates of such Proposed Purchaser or persons Acting in Concert with such Proposed Purchaser) acquiring a Controlling Interest in the Company.
- 18.2 A Proposed Seller must, before making a Proposed Transfer procure the making by the Proposed Purchaser of an offer (the **Offer**) to the other Shareholders to acquire all of the Company's Shares for a consideration per share the value of which is at least equal to the Specified Price (as defined in article 18.7).
- 18.3 The Offer must be given by written notice (a **Proposed Sale Notice**) at least 10 Business Days (the **Offer Period**) prior to the proposed sale date (**Proposed Sale Date**). The Proposed Sale Notice must set out, to the extent not described in any accompanying documents, the identity of the Proposed Purchaser, the purchase price and other terms and conditions of payment, the Proposed Sale Date and the number of Shares proposed to be purchased by the Proposed Purchaser.

- 18.4 If any other holder of Shares is not given the rights accorded to such holder by this article 18.4, the Proposed Sellers will not be entitled to complete their sale and the Company will not register any transfer intended to carry that sale into effect.
- 18.5 If the Offer is accepted by any Shareholder (an **Accepting Shareholder**) within the Offer Period, the completion of the Proposed Transfer will be conditional upon the completion of the purchase of all the Shares held by Accepting Shareholders.
- 18.6 The Proposed Transfer is subject to the pre-emption provisions of article 14 but the purchase of the Accepting Shareholders' shares shall not be subject to article 14.
- 18.7 For the purpose of this article 18:
- (a) the expression "**Specified Price**" shall mean in respect of each Share a sum in cash equal to the highest price per Share offered or paid by the Proposed Purchaser:
    - (i) in the Proposed Transfer; or
    - (ii) in any related or previous transaction by the Proposed Purchaser or any person Acting in Concert with the Proposed Purchaser in the 12 months preceding the date of the Proposed Transfer,

plus an amount equal to the Relevant Sum, as defined in Article 18.7(b), of any other consideration (in cash or otherwise) paid or payable by the Proposed Purchaser or any other person Acting in Concert with the Proposed Purchaser, 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 Shares (the "**Supplemental Consideration**") provided that the total consideration paid by the Proposed Purchaser in respect of the Proposed Transfer is distributed to the Proposed Seller and the Accepting Shareholders in accordance with the provisions of Articles 6 and 7;
  - (b)  $\text{Relevant Sum} = C \div A$ 

where: A = number of Equity Shares being sold in connection with the relevant Proposed Transfer;

C = the Supplemental Consideration.

## 19 Co-Sale right

- 19.1 No transfer (other than a Permitted Transfer under article 13 or a transfer pursuant to article 20 (Drag-along)) of any Shares held by the Founder (or a Permitted Transferee of the Founder) may be made or validly registered without Lead Investor Consent, unless the Founder and any Permitted Transferee of the Founder shall have observed the following procedures of this Article.
- 19.2 After the Founder has gone through the pre-emption process set out in Article 14, the Founder shall give to the holders of Seed Shares who have not taken up their pre-emptive rights under article 14 not less than 15 Business Days' notice in advance of the proposed sale (a **Co-Sale Notice**). The Co-Sale Notice shall specify:
- 19.2.1 the identity of the proposed purchaser (the **Co-Sale Buyer**);
  - 19.2.2 the price per share which the Co-Sale Buyer is proposing to pay;
  - 19.2.3 the manner in which the consideration is to be paid;
  - 19.2.4 the number of Shares which the Founder proposes to sell; and

19.2.5 the address where the counter-notice should be sent.

- 19.3 The relevant holders of Seed Shares shall be entitled within five Business Days after receipt of the Co-Sale Notice, to notify the Founder that they wish to sell a certain number of Shares held by them at the proposed sale price, by sending a counter-notice which shall specify the number of Shares which the relevant holders of Seed Shares wish to sell. The maximum number of shares which a holder of Seed Shares can sell under this procedure shall be:

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

where:

X is the number of Shares the Founder proposes to sell;

Y is the total number of Shares held by the Founder; and

Z is the number of Shares held by the relevant holder of Seed Shares.

If the relevant holder of Seed Shares does not send a counter-notice within such five Business Day period it shall be deemed to have specified that it wishes to sell no Shares.

- 19.4 Following the expiry of five Business Days from the date the relevant holder of Seed Shares receives the Co-Sale Notice, the Founder shall be entitled to sell to the Co-Sale Buyer on the terms notified to the relevant holder of Seed Shares a number of shares not exceeding the number specified in the Co-Sale Notice, provided that at the same time the Co-Sale Buyer (or another person) purchases from the relevant holder of Seed Shares the number of shares they have indicated they wished to sell on terms no less favourable than those obtained by the Founder from the Co-Sale Buyer.
- 19.5 No sale by the Founder shall be made pursuant to any Co-Sale Notice more than three months after service of that Co-Sale Notice.
- 19.6 Sales made in accordance with this article 19 shall not be subject to article 14 (Transfers of Shares subject to pre-emption rights).

## 20 Drag-along

- 20.1 In the event that shareholders holding more than 50% of the Equity Shares in issue from time to time, including at all times the Lead Investor (the **Selling Shareholders**) wish to transfer all their interest in Shares (the **Sellers' Shares**) to a Proposed Purchaser, the Selling Shareholders shall have the option (the **Drag Along Option**), subject at all times to the prior approval of the Board, to compel each other holder of Shares (each a **Called Shareholder** and together the **Called Shareholders**) to sell and transfer all their Shares to the Proposed Purchaser or as the Proposed Purchaser shall direct (the **Drag Purchaser**) in accordance with the provisions of this article 20.
- 20.2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a **Drag Along Notice**) to the Company which the Company shall forthwith copy to the Called Shareholders at any time before the transfer of the Sellers' Shares to the Drag Purchaser. A Drag Along Notice shall specify that:
- 20.2.1 the Called Shareholders are required to transfer all their Shares (the **Called Shares**) under this Article;
- 20.2.2 the person to whom they are to be transferred;
- 20.2.3 the consideration for which the Called Shares are to be transferred (calculated in accordance with this Article);

- 20.2.4 the proposed date of transfer, and
- 20.2.5 the form of any sale agreement or form of acceptance or any other document of similar effect that the Called Shareholders are required to sign in connection with such sale (the **Sale Agreement**),
- (and, in the case of Articles 20.2.2 to 20.2.4 above, whether actually specified or to be determined in accordance with a mechanism described in the Drag Along Notice). No Drag Along Notice or Sale Agreement may require a Called Shareholder to agree to any terms except those specifically provided for in this Article.
- 20.3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Drag Purchaser within 60 Business Days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 20.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Drag Purchaser were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of article 7 (the **Drag Consideration**).
- 20.5 In respect of a transaction that is the subject of a Drag-Along Notice, a Called Shareholder shall not be obliged to give warranties or indemnities (except a warranty as to capacity and the full title guarantee of the Shares held by such Shareholder).
- 20.6 Within three Business Days of the Company serving a Drag Along Notice on the Called Shareholders (or such later date as may be specified in the Drag Along Notice) (the **Drag Completion Date**), each Called Shareholder shall deliver:
- 20.6.1 duly executed stock transfer form(s) for its Shares in favour of the Drag Purchaser;
- 20.6.2 the relevant share certificate(s) (or a duly executed indemnity for lost certificate in a form acceptable to the Board) to the Company; and
- 20.6.3 duly executed Sale Agreement, if applicable, in the form specified in the Drag Along Notice or as otherwise specified by the Company,
- (together the **Drag Documents**).
- 20.7 On the Drag Completion Date, the Company shall pay each Called Shareholder, on behalf of the Drag Purchaser, the Drag Consideration to the extent the Drag Purchaser has paid such consideration to the Company. The Company's receipt of the Drag Consideration shall be a good discharge to the Drag Purchaser. The Company shall hold the Drag Consideration in trust for each of the Called Shareholders without any obligation to pay interest.
- 20.8 To the extent that the Drag Purchaser has not, on the Drag Completion Date, paid the Drag Consideration to the Company, the Called Shareholders shall be entitled to the immediate return of the Drag Documents for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this Article 20 in respect of their Shares.
- 20.9 If a Called Shareholder fails to deliver the Drag Documents for its Shares to the Company by the Drag Completion Date, the Company and each Director shall be constituted the agent of such defaulting Called Shareholder for taking such actions and entering into such agreements or documents as are necessary to effect the transfer of the Called Shareholder's Shares and the Directors shall, if requested by the Drag Purchaser, authorise any Director to transfer the Called Shareholder's Shares on the Called Shareholders' behalf to the Drag Purchaser to the extent the Drag Purchaser

has, by the Drag Completion Date, paid the Drag Consideration to the Company for the Called Shareholder's Shares offered to such Drag Purchaser. The Board shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Called Shareholder shall surrender its share certificate for its Shares (or suitable executed indemnity) to the Company. On surrender, such Called Shareholder shall be entitled to the Drag Consideration due to it.

- 20.10 Any transfer of Shares to a Drag Purchaser pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the provisions of Article 14.
- 20.11 On any person, following the issue of a Drag Along Notice, becoming a Shareholder pursuant to the exercise of a pre-existing option or warrant to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice who shall then be bound to sell and transfer all Shares so acquired to the Drag Purchaser and the provisions of this Article shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.
- 20.12 In the event that an Asset Sale is approved by Lead Investor Consent, such consenting Shareholders shall have the right, by notice in writing to all other Shareholders, to require such Shareholders to take any and all such actions as it may be necessary for Shareholders to take in order to give effect to or otherwise implement such Asset Sale, subject always to the proceeds from such Asset Sale being distributed to Shareholders in accordance with the provisions of Article 7.4.

## **21 General meetings**

- 21.1 If the Directors are required by the Shareholders under section 303 of the Act to call a general meeting, the Directors shall convene the meeting for a date not later than 28 days after the date on which the Directors became subject to the requirement under section 303 of the Act.
- 21.2 Where, for the time being, the company has only one Shareholder, one Qualifying Person present at a meeting is a quorum. Otherwise the quorum is two Qualifying Persons at least one of which is the Lead Investor, unless:
  - 21.2.1 each is a Qualifying Person only because he is authorised under section 323 of the Act to act as the representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or
  - 21.2.2 each is a Qualifying Person only because he is appointed as proxy of a Shareholder in relation to the meeting, and they are proxies of the same Shareholder.
- 21.3 If a quorum is not present at any meeting adjourned for the reason referred to in article 41 of the Model Articles, then, provided that the Qualifying Person(s) present hold(s) or represent(s) the holder(s) of at least 50% in nominal value of the Shares, any resolution agreed to by such Qualifying Person(s) shall be as valid and effectual as if it had been passed unanimously at a general meeting of the Company duly convened and held.
- 21.4 If any two or more Shareholders (or Qualifying Persons representing two or more Shareholders) attend the meeting in different locations, the meeting shall be treated as being held at the location specified in the notice of the meeting, except that if no one is present at that location so specified, the meeting shall be deemed to take place where the largest number of Qualifying Persons is assembled or, if no such group can be identified, at the location of the chairperson.

- 21.5 If a demand for a poll is withdrawn under article 44(3) of the Model Articles, the demand shall not be taken to have invalidated the result of a show of hands declared before the demand was made and the meeting shall continue as if the demand had not been made.
- 21.6 Polls must be taken in such manner as the chairperson directs. A poll demanded on the election of a chairperson or on a question of adjournment must be held immediately. A poll demanded on any other question must be held either immediately or at such time and place as the chairperson directs not being more than 14 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded.
- 21.7 No notice need be given of a poll not held immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 21.8 If the poll is to be held more than 48 hours after it was demanded the Shareholders shall be entitled to deliver Proxy Notices in respect of the poll at any time up to 24 hours before the time appointed for taking that poll. In calculating that period, no account shall be taken of any part of a day that is not a working day.

## **22 Proxies**

- 22.1 Paragraph (c) of article 45(1) of the Model Articles shall be deleted and replaced by the words: "is signed by or on behalf of the shareholder appointing the proxy and accompanied by any the authority under which it is signed (or a certified copy of such authority or a copy of such authority in some other way approved by the directors)".
- 22.2 The instrument appointing a proxy and any authority under which it is signed or a certified copy of such authority or a copy in some other way approved by the Directors may:
- 22.2.1 be sent or supplied in hard copy form, or (subject to any conditions and limitations which the Board may specify) in electronic form, to the registered office of the Company or to such other address (including electronic address) as may be specified for this purpose in the notice convening the meeting or in any instrument of proxy or any invitation to appoint a proxy sent or supplied by the Company in relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;
  - 22.2.2 be delivered at the meeting or adjourned meeting at which the person named in the instrument proposes to vote to the chairperson or to the company secretary or to any Director; or
  - 22.2.3 in the case of a poll, be delivered at the meeting at which the poll was demanded to the chairperson or to the company secretary or to any Director, or at the time and place at which the poll is held to the chairperson or to the company secretary or to any Director or scrutineer,

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

## **23 Directors' borrowing powers**

- 23.1 The Directors may, subject to Investor Director Consent exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property

and uncalled capital and to issue debentures, debenture stock and other securities as security for any debt, liability of obligation of the Company or of any third party.

## **24 Alternate Directors**

- 24.1 Notwithstanding any provision of these Articles to the contrary, any person appointed as a Director (the **Appointer**) may appoint any director or any other person approved by the Board to be the Appointer's alternate Director to:
- 24.1.1 exercise that Director's powers; and
  - 24.1.2 carry out that Director's responsibilities in relation to the taking of decisions by the Directors in the absence of the alternate's Appointor.
- 24.2 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.
- 24.3 The notice must:
- 24.3.1 identify the proposed alternate; and
  - 24.3.2 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.
- 24.4 An alternate Director may act as an alternate to more than one Director and has the same rights, in relation to any Directors' meeting (including as to notice) or Directors' written resolution, as the alternate's Appointor.
- 24.5 Except as these Articles specify otherwise, alternate directors:
- 24.5.1 are deemed for all purposes to be Directors;
  - 24.5.2 are liable for their own acts and omissions;
  - 24.5.3 are subject to the same restrictions as their Appointors; and
  - 24.5.4 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 the relevant Appointor is a member.
- 24.6 A person who is an alternate Director but not a Director:
- 24.6.1 may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's Appointor is not participating); and
  - 24.6.2 may sign a Directors' written resolution (but only if that Director's Appointor is an Eligible Director in relation to that decision, but does not participate).
- No alternate may be counted as more than one Director for such purposes.
- 24.7 A Director who is also an alternate Director is entitled, in the absence of that Director's Appointor, to a separate vote on behalf of each Appointor, in addition to that Director's own vote on any decision of the Directors (provided that such Director's Appointor is an Eligible Director in relation to that decision).
- 24.8 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 made to the Company.



- 24.9 An alternate Director's appointment as an alternate shall terminate:
- 24.9.1 when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - 24.9.2 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;
  - 24.9.3 on the death of the alternate's Appointor; or
  - 24.9.4 when the alternate's Appointor's appointment as a Director terminates.

## **25 Number of Directors**

Unless and until the Company shall otherwise determine by ordinary resolution, the number of Directors shall not be less than two.

## **26 Investor Director appointments and observer**

- 26.1 For such time as the Lead Investor or its Permitted Transferees hold no less than 5% of the Shares, Ada Ventures shall have the right to appoint and maintain in office one person as it may from time to time nominate as a director of the Company (and as a member of each and any committee of the Board) and to remove any director so appointed and, upon their removal, to appoint another director in their place with the meaningful consultation of the Founder.
- 26.2 For such time as the Lead Investor or its Permitted Transferees holds Shares, Ada Ventures shall be entitled, with the mutual agreement of the Founder (acting reasonably) to appoint one person to act as an observer (**Observer**) to the Board and any committee of the Board established from time to time. The Observer shall be entitled to attend and speak at all such meetings and receive copies of all board papers as if such person were a Director but shall not be entitled to vote on any resolutions proposed at a board meeting.

## **27 Founder Director appointment**

For such time as the Founder or his Permitted Transferees hold Shares and the Founder is an Employee, the Founder shall be appointed as a director of the Company (and as a member of each and any committee of the Board).

## **28 Disqualification of Directors**

- 28.1 In addition to that provided in article 18 of the Model Articles, the office of a Director shall also be vacated if:
- 28.1.1 he is convicted of a criminal offence (other than a minor motoring offence) and the Directors resolve that such Director's office be vacated; or
  - 28.1.2 in the case of Directors other than an Investor Director, if a majority of the Directors serve notice on such Director in writing removing such Director from office.

## **29 Proceedings of Directors**

- 29.1 The quorum for Directors' meetings shall be two Directors who must include the Investor Director and the Founder (except that where a Relevant Interest of the Investor Director is being authorised by other Directors in accordance with section 175(5)(a) of

the Act, such Investor Director and any other interested Director shall not be included for the purpose of such authorisation but shall be included for the purpose of forming the quorum). If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or at such time and place as determined by the Directors present at such meeting and the Investor Director. If a quorum is not present at any such adjourned meeting within half an hour from the time appointed, then the meeting shall proceed.

- 29.2 In the event that a meeting of the Directors is attended by a Director who is acting as alternate for one or more other Directors, the Director or Directors for whom he is the alternate shall be counted in the quorum despite their absence, and if on that basis there is a quorum the meeting may be held despite the fact (if it is the case) that only one Director is physically present.
- 29.3 If all the Directors participating in a meeting of the Directors are not physically in the same place, the meeting shall be deemed to take place where the largest group of participators in number is assembled. In the absence of a majority, the location of the chairperson shall be deemed to be the place of the meeting.
- 29.4 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 at any time before or 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.
- 29.5 Provided (if these Articles so require) that he has declared to the Directors, in accordance with the provisions of these Articles, the nature and extent of that Director's interest (and subject to any restrictions on voting or counting in a quorum imposed by the Directors in authorising a Relevant Interest, a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which he has an interest, whether a direct or an indirect interest, or in relation to which he has a duty and shall also be counted in reckoning whether a quorum is present at such a meeting.
- 29.6 Questions arising at any meeting of the Directors shall be decided by a majority of votes.
- 29.7 To the extent that, at any time, the Board only comprises the Founder and the Investor Director, the Founder and the Investor Director shall work with one another in good faith to appoint a third mutually acceptable Director as soon as reasonably practicable, such obligation shall be a continuous obligation on both the Founder and the Investor Director until such time a third Director has been appointed
- 29.8 A decision of the Directors 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 (including confirmation given by electronic means). Reference in article 7(1) of the Model Articles to article 8 of the Model Articles shall be deemed to include a reference to this article also.
- 29.9 The Board shall meet at least six times in every twelve months at reasonably regular intervals (typically once every two months) but excluding August and December.

## **30 Directors' interests**

### **30.1 Specific interests of a Director**

- 30.1.1 Subject to the provisions of the Act and provided (if these Articles so require) that he has declared to the Directors in accordance with the provisions of these Articles, the nature and extent of that Director's interest, a Director may (save as to the extent not permitted by law from time to

time), notwithstanding such Director's office, have an interest of the following kind:

- (a) where a Director (or a person connected with such Director) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested;
- (b) where a Director (or a person connected with such Director) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested;
- (c) where a Director (or a person connected with such Director) is a shareholder in the Company or a shareholder in, employee, director, member or other officer of, or consultant to, a Parent Undertaking of, or a Subsidiary Undertaking of a Parent Undertaking of, the Company;
- (d) where a Director (or a person connected with such Director) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested;
- (e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested;
- (f) where a Director (or a person connected with such Director or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which he is a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not he or it is remunerated for this;
- (g) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- (h) any other interest authorised by ordinary resolution.

### 30.2 Termination of Director's Service Agreement

- 30.2.1 In relation to any vote by the Board on the termination of the service agreement of any of the Directors (other than an Investor Director), such vote shall be effective only if the quorum at the meeting at which such vote is taken is met without counting the Director in question (or such Director's alternate, as the case may be) and the vote is passed without the Director in question (or such Director's alternate, as the case may be) voting, or would have been agreed to if such Director's vote had not been counted.

### 30.3 Interests of an Investor Director

- 30.3.1 In addition to the provisions of Article 30.1, subject to the provisions of the Act and provided (if these Articles so require) that such Investor Director has declared to the Directors in accordance with the provisions of these Articles, the nature and extent of that Investor Director's interest, where a Director is an Investor Director such person may (save as to the extent not permitted by law from time to time), notwithstanding their office, have an interest arising from any duty such person may owe to, or interest such person may have as an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or direct or indirect investor

(including without limitation by virtue of a carried interest, remuneration or incentive arrangements or the holding of securities) in:

- (a) the Lead Investor;
- (b) an Investor Fund Manager;
- (c) any of the funds advised or managed by an Investor Fund Manager from time to time; or
- (d) another body corporate or firm in which an Investor Fund Manager or any fund advised by such Fund Manager has directly or indirectly invested, including without limitation any portfolio companies.

30.4 Interests of which a Director is not aware

- 30.4.1 For the purposes of this Article 30, an interest of which a Director is not aware and of which it is unreasonable to expect such Director to be aware shall not be treated as an interest of that Director.

30.5 Accountability of any benefit and validity of a contract

- 30.5.1 In any situation permitted by this article 30 (save as otherwise agreed by such Director) a Director shall not by reason of such Director's office be accountable to the Company for any benefit which such Director derives from that situation and no such contract, arrangement or transaction shall be avoided on the grounds of any such interest or benefit.

30.6 Terms and conditions of Board authorisation

- 30.6.1 Subject to article 30.7.1, any authority given in accordance with section 175(5)(a) of the Act in respect of a Director (**Interested Director**) who has proposed that the Directors authorise an interest of that Interested Director (**Relevant Interest**) pursuant to that section may, for the avoidance of doubt:

- (a) be given on such terms and subject to such conditions or limitations as may be imposed by the authorising Directors as they see fit from time to time, including, without limitation:
  - (i) restricting the Interested Director from voting on any resolution put to a meeting of the Directors or of a committee of the Directors in relation to the Relevant Interest;
  - (ii) restricting the Interested Director from being counted in the quorum at a meeting of the Directors or of a committee of the Directors where such Relevant Interest is to be discussed; or
  - (iii) restricting the application of the provisions in articles 30.7.1 and 30.8, so far as is permitted by law, in respect of such Interested Director;
- (b) be withdrawn, or varied at any time by the Directors entitled to authorise the Relevant Interest as they see fit from time to time; and

subject to article 30.7.1, an Interested Director must act in accordance with any such terms, conditions or limitations imposed by the authorising Directors pursuant to section 175(5)(a) of the Act and this article 30.

30.7 Terms and conditions of Board authorisation for an Investor Director

- 30.7.1 Notwithstanding the other provisions of this article 30, it shall not (save with the consent in writing of an Investor Director) be made a condition of any

authorisation of a matter in relation to that Investor Director in accordance with section 175(5)(a) of the Act, that he shall be restricted from voting or counting in the quorum at any meeting of, or of any committee of the Directors or that he shall be required to disclose, use or apply confidential information as contemplated in article 30.9.

30.8 Director's duty of confidentiality to a person other than the Company

30.8.1 Subject to article 30.9 (and without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this Article 30), if a Director, otherwise than by virtue of that Director's position as director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required:

- (a) to disclose such information to the Company or to any Director, or to any officer or employee of the Company; or
- (b) otherwise to use or apply such confidential information for the purpose of or in connection with the performance of such person's duties as a Director.

30.9 Where such duty of confidentiality arises out of a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, article 30.7 shall apply only if the conflict arises out of a matter which falls within article 30.1 or article 30.3 or has been authorised under section 175(5)(a) of the Act.

30.10 Additional steps to be taken by a Director to manage a conflict of interest

30.10.1 Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director may take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including without limitation:

- (a) absenting himself or herself from any discussions, whether in meetings of the Directors or otherwise, at which the relevant situation or matter falls to be considered; and
- (b) excluding himself or herself from documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for such Director to have access to such documents or information.

30.11 Requirement of a Director to declare an interest

30.11.1 Subject to section 182 of the Act, a Director shall declare the nature and extent of any interest permitted by article 30.1 or article 30.3 at a meeting of the Directors, or by general notice in accordance with section 184 (notice in writing) or section 185 (general notice) of the Act or in such other manner as the Directors may determine, except that no declaration of interest shall be required by a Director in relation to an interest:

- (a) falling under article 30.1.1(g);

- (b) if, or to the extent that, the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or

if, or to the extent that, it concerns the terms of that Director's service contract (as defined by section 227 of the Act) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these Articles.

**30.12 Shareholder approval**

- 30.12.1 Subject to section 239 of the Act, the Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of this Article 30.

**30.13 For the purposes of this Article 30:**

- 30.13.1 a conflict of interest includes a conflict of interest and duty and a conflict of duties;
- 30.13.2 the provisions of section 252 of the Act shall determine whether a person is connected with a Director;
- 30.13.3 a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified.

**31 Notices**

- 31.1 Subject to the requirements set out in the Act, any notice given or document sent or supplied to or by any person under these Articles, or otherwise sent by the Company under the Act, may be given, sent or supplied:

- 31.1.1 in hard copy form;
- 31.1.2 in electronic form; or
- 31.1.3 (by the Company) by means of a website (other than notices calling a meeting of Directors),

or partly by one of these means and partly by another of these means.

Notices shall be given and documents supplied in accordance with the procedures set out in the Act, except to the extent that a contrary provision is set out in this Article 31.

*Notices in hard copy form*

- 31.2 Any notice or other document in hard copy form given or supplied under these Articles may be delivered or sent by first class post (airmail if overseas):

- 31.2.1 to the Company or any other company at its registered office; or
- 31.2.2 to the address notified to or by the Company for that purpose; or
- 31.2.3 in the case of an intended recipient who is a member or the legal personal representative or trustee in bankruptcy of such member, to such member's address as shown in the Company's register of members; or

- 31.2.4 in the case of an intended recipient who is a Director or alternate, to their address as shown in the register of Directors; or
  - 31.2.5 to any other address to which any provision of the Companies Acts (as defined in the Act) authorises the document or information to be sent or supplied; or
  - 31.2.6 where the Company is the sender, if the Company is unable to obtain an address falling within one of the addresses referred to in (a) to (e) above, to the intended recipient's last address known to the Company.
- 31.3 Any notice or other document in hard copy form given or supplied under these Articles shall be deemed to have been served and be effective:
- 31.3.1 if delivered, at the time of delivery;
  - 31.3.2 if posted, on receipt or 48 hours after the time it was posted, whichever occurs first.
- Notices in electronic form
- 31.4 Subject to the provisions of the Act, any notice or other document in electronic form given or supplied under these Articles may:
- 31.4.1 if sent by fax or email (provided that a fax number or an address for email has been notified to or by the Company for that purpose), be sent by the relevant form of communication to that address;
  - 31.4.2 if delivered or sent by first class post (airmail if overseas) in an electronic form (such as sending a disk by post), be so delivered or sent as if in hard copy form under Article 31.2; or
  - 31.4.3 be sent by such other electronic means (as defined in section 1168 of the Act) and to such address(es) as the Company may specify:
    - (a) on its website from time to time; or
    - (b) by notice (in hard copy or electronic form) to all members of the Company from time to time.
- 31.5 Any notice or other document in electronic form given or supplied under these Articles shall be deemed to have been served and be effective:
- 31.5.1 if sent by facsimile or email (where a fax number or an address for email has been notified to or by the Company for that purpose), on receipt or 48 hours after the time it was sent, whichever occurs first;
  - 31.5.2 if posted in an electronic form, on receipt or 48 hours after the time it was posted, whichever occurs first;
  - 31.5.3 if delivered in an electronic form, at the time of delivery; and
  - 31.5.4 if sent by any other electronic means as referred to in Article 30.4.3, at the time such delivery is deemed to occur under the Act.
- 31.6 Where the Company is able to show that any notice or other document given or sent under these Articles by electronic means was properly addressed with the electronic address supplied by the intended recipient, the giving or sending of that notice or other document shall be effective notwithstanding any receipt by the Company at any time of notice either that such method of communication has failed or of the intended recipient's non-receipt.

*Notice by means of a website*

- 31.7 Subject to the provisions of the Act, any notice or other document or information to be given, sent or supplied by the Company to Shareholders under these Articles may be given, sent or supplied by the Company by making it available on the Company's website.

*General*

- 31.8 In the case of joint holders of a share all notices shall be given to the joint holder whose name stands first in the register of members of the Company in respect of the joint holding (the **Primary Holder**). Notice so given shall constitute notice to all the joint holders.
- 31.9 Anything agreed or specified by the Primary Holder in relation to the service, sending or supply of notices, documents or other information shall be treated as the agreement or specification of all the joint holders in their capacity as such (whether for the purposes of the Act or otherwise).

**32 Indemnities and insurance**

- 32.1 Subject to the provisions of and so far as may be permitted by, the Act:

- 32.1.1 every Director or other officer of the Company (excluding the Company's auditors) shall be entitled to be indemnified by the Company (and the Company shall also be able to indemnify directors of any associated company (as defined in section 256 of the Act)) out of the Company's assets against all liabilities incurred by such Director in the actual or purported execution or discharge of their duties or the exercise or purported exercise of their powers or otherwise in relation to or in connection with their duties, powers or office, provided that no director of the Company or any associated company is indemnified by the Company against:
- (a) any liability incurred by the Director to the Company or any associated company; or
  - (b) any liability incurred by the Director to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirements of a regulatory nature; or
  - (c) any liability incurred by the Director:
    - (i) in defending any criminal proceedings in which such Director is convicted;
    - (ii) in defending civil proceedings brought by the Company or any associated company in which final judgment (within the meaning set out in section 234 of the Act) is given against such Director; or
    - (iii) in connection with any application under sections 661(3) or 661(4) or 1157 of the Act (as the case may be) for which the court refuses to grant relief to such Director,

except that, in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupational pension scheme (as that term is used in section 235 of the Act) against liability incurred in connection with that company's activities as trustee of the scheme, the Company shall also be able to indemnify any such Director without the restrictions in articles 32.1.1(a), 32.1.1(b), 32.1.1(c)(ii) and 32.1.1(c)(iii) applying;



- 32.1.2 the Directors may exercise all the powers of the Company to purchase and maintain insurance for any such Director or other officer against any liability which by virtue of any rule of law would otherwise attach to such Director in respect of any negligence, default, breach of duty or breach of trust of which such Director may be guilty in relation to the Company, or any associated company including (if such Director is a director of a company which is a trustee of an occupational pension scheme) in connection with that company's activities as trustee of an occupational pension scheme.
- 32.2 The Company shall (at the cost of the Company) effect and maintain for each Director policies of insurance insuring each Director against risks in relation to their office as each director may reasonably specify including without limitation, any liability which by virtue of any rule of law may attach to such Director in respect of any negligence, default of duty or breach of trust of which such Director may be guilty in relation to the Company.

### **33 Data Protection**

- 33.1 Each of the Shareholders and Directors consent to the processing of their personal data by the Company, the Shareholders and Directors (each a **Recipient**) for the purpose of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information among themselves. A Recipient may process the personal data either electronically or manually. Other than as required by law, court order or other regulatory authority, that personal data may not be disclosed by a Recipient or any other person except to a Member of the same Group (**Recipient Group Companies**) and to employees, directors and professional advisers of that Recipient or the Recipient Group Companies and funds managed by any of the Recipient Group Companies. Each of the Shareholders and Directors consent to the transfer of relevant personal data to persons acting on behalf of the 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 deemed desirable by the Board to do so.

### **34 Secretary**

- 34.1 Subject to the provisions of the Act, the Directors may appoint a secretary for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

### **35 Lien**

- 35.1 The Company shall have a first and paramount lien (the **Company's Lien**) over every Share not fully paid for all and any indebtedness of any holder of it to the Company (whether a sole holder or one of two or more joint holders), whether or not that indebtedness or liability is in respect of the Shares concerned and whether or not it is presently payable.

- 35.2 The Company's Lien over a Share:

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

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

- 35.3 Subject to the provisions of this Article 35, if:

- 35.3.1 a notice complying with Article 35.4 (a **Lien Enforcement Notice**) has been given by the Company in respect of a Share; and
  - 35.3.2 the person to whom the notice was given has failed to comply with it,
- the Company shall be entitled to sell that Share in such manner as the Directors decide.
- 35.4 A Lien Enforcement Notice:
- 35.4.1 may only be given by the Company 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;
  - 35.4.2 must specify the Share concerned;
  - 35.4.3 must require payment of the sum payable within 14 days of the notice;
  - 35.4.4 must be addressed either to the holder of the Share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise; and
  - 35.4.5 must state the Company's intention to sell the Share if the notice is not complied with.
- 35.5 Where any Share is sold pursuant to this Article 35:
- 35.5.1 the Directors may authorise any person to execute an instrument of transfer of the Share to the purchaser or a person nominated by the purchaser; and
  - 35.5.2 the transferee shall not be bound to see to the application of the consideration, and the transferee's title shall not be affected by any irregularity in or invalidity of the process leading to the sale.
- 35.6 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:
- 35.6.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice;
  - 35.6.2 secondly, to the person entitled to the Share at the date of the sale, but only after the certificate for the Share sold has been surrendered to the Company for cancellation or an indemnity for lost certificate in a form acceptable to the Board has been given for any lost certificate, and subject to a lien equivalent to the Company's Lien for any money payable (whether or not it is presently payable) as existing upon the Share before the sale in respect of all Shares registered in the name of that person (whether as the sole registered holder or as one of several joint holders) after the date of the Lien Enforcement Notice.
- 35.7 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:
- 35.7.1 shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
  - 35.7.2 subject to compliance with any other formalities of transfer required by these Articles or by law, shall constitute a good title to the Share.

## 36 Call Notices

- 36.1 Subject to these Articles and the terms on which Shares are allotted, the Directors may send a notice (a **Call Notice**) to a Shareholder requiring the Shareholder to pay the Company a specified sum of money (a **call**) which is payable to the Company by that Shareholder when the Directors decide to send the Call Notice.
- 36.2 A Call Notice:
- 36.2.1 may not require a Shareholder to pay a call which exceeds the total sum unpaid on that Shareholder's Shares (whether as to the Share's nominal value or any sum payable to the Company by way of premium);
  - 36.2.2 shall state when and how any call to which it relates it is to be paid; and
  - 36.2.3 may permit or require the call to be paid by instalments.
- 36.3 A Shareholder shall comply with the requirements of a Call Notice, but no Shareholder shall be obliged to pay any call before 14 days have passed since the notice was sent.
- 36.4 Before the Company has received any call due under a Call Notice the Directors may:
- 36.4.1 revoke it wholly or in part; or
  - 36.4.2 specify a later time for payment than is specified in the Call Notice, by a further notice in writing to the Shareholder in respect of whose Shares the call is made.
- 36.5 Liability to pay a call shall not be extinguished or transferred by transferring the Shares in respect of which it is required to be paid. Joint holders of a Share shall be jointly and severally liable to pay all calls in respect of that Share.
- 36.6 Subject to the terms on which Shares are allotted, the Directors may, when issuing Shares, provide that Call Notices sent to the holders of those Shares may require them to:
- 36.6.1 pay calls which are not the same; or
  - 36.6.2 pay calls at different times.
- 36.7 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 (whether in respect of nominal value or premium):
- 36.7.1 on allotment;
  - 36.7.2 on the occurrence of a particular event; or
  - 36.7.3 on a date fixed by or in accordance with the terms of issue.
- 36.8 If the due date for payment of such a sum as referred to in Article 36.2 has passed and it has not been paid, the holder of the Share concerned shall be treated in all respects as having failed to comply with a Call Notice in respect of that sum, and shall be liable to the same consequences as regards the payment of interest and forfeiture.
- 36.9 If a person is liable to pay a call and fails to do so by the Call Payment Date (as defined below):
- 36.9.1 the Directors may issue a notice of intended forfeiture to that person; and
  - 36.9.2 until the call is paid, that person shall be required to pay the Company interest on the call from the call payment date at the Relevant Rate (as defined below).
- 36.10 For the purposes of Article 36.9:

- 36.10.1 the **Call Payment Date** shall be 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;
- 36.10.2 the **Relevant Rate** shall be:
- (a) the rate fixed by the terms on which the Share in respect of which the call is due was allotted;
  - (b) 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
  - (c) if no rate is fixed in either of these ways, 5% a year,
- provided that the Relevant Rate shall not exceed by more than five 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(a).
- 36.11 The Directors may waive any obligation to pay interest on a call wholly or in part.
- 36.12 The Directors may accept full payment of any unpaid sum in respect of a Share despite payment not being called under a Call Notice.
- 37 Forfeiture of Shares**
- 37.1 A notice of intended forfeiture:
- 37.1.1 may be sent in respect of any Share in respect of which a call has not been paid as required by a Call Notice;
  - 37.1.2 shall be sent to the holder of that Share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;
  - 37.1.3 shall 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 fewer than 14 days after the date of the notice;
  - 37.1.4 shall state how the payment is to be made; and
  - 37.1.5 shall 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.
- 37.2 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, then 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.
- 37.3 Subject to these articles, the forfeiture of a Share extinguishes:
- 37.3.1 all interests in that Share, and all claims and demands against the Company in respect of it; and
  - 37.3.2 all other rights and liabilities incidental to the Share as between the person whose Share it was prior to the forfeiture and the Company.
- 37.4 Any Share which is forfeited in accordance with these Articles:
- 37.4.1 shall be deemed to have been forfeited when the Directors decide that it is forfeited;

- 37.4.2 shall be deemed to be the property of the Company; and
- 37.4.3 may be sold, re-allotted or otherwise disposed of as the Directors think fit.
- 37.5 If a person's Shares have been forfeited then:
  - 37.5.1 the Company shall send that person notice that forfeiture has occurred and record it in the register of members;
  - 37.5.2 that person shall cease to be a Shareholder in respect of those Shares;
  - 37.5.3 that person shall surrender the certificate for the Shares forfeited to the Company for cancellation;
  - 37.5.4 that person shall remain 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
  - 37.5.5 the Directors shall be entitled to 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.
- 37.6 At any time before the Company disposes of a forfeited Share, the Directors shall be entitled to decide to cancel the forfeiture on payment of all calls and interest and expenses due in respect of it and on such other terms as they think fit.
- 37.7 If a forfeited Share is to be disposed of by being transferred, the Company shall be entitled to receive the consideration for the transfer and the Directors shall be entitled to authorise any person to execute the instrument of transfer.
- 37.8 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been forfeited on a specified date:
  - 37.8.1 shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
  - 37.8.2 subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the Share.
- 37.9 A person to whom a forfeited Share is transferred shall not be bound to see to the application of the consideration (if any) nor shall that person's title to the Share be affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the Share.
- 37.10 If the Company sells a forfeited Share, the person who held it prior to its forfeiture shall be entitled to receive the proceeds of such sale from the Company, net of any commission, and excluding any sum which:
  - 37.10.1 was, or would have become, payable; and
  - 37.10.2 had not, when that Share was forfeited, been paid by that person in respect of that Share,

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

### **38 Surrender of Shares**

- 38.1 A Shareholder shall be entitled to surrender any Share:

38.1.1 in respect of which the Directors issue a notice of intended forfeiture;

38.1.2 which the Directors forfeit; or

38.1.3 which has been forfeited.

The Directors shall be entitled to accept the surrender of any such Share.

38.2 The effect of surrender on a Share shall be the same as the effect of forfeiture on that Share.

38.3 The Company shall be entitled to deal with a Share which has been surrendered in the same way as a Share which has been forfeited.