



Company No. 11199030

The Companies Act 2006

Private Company Limited by Shares

ARTICLES OF ASSOCIATION

of

**M.K.M. BUILDING SUPPLIES (ELGIN)
LIMITED**

adopted by Special Resolution on 29 September 2020

Contents

	Article	Page
1	Incorporation of Model Articles	1
2	Definitions and interpretation.....	1
3	Share Capital	1
4	Dividends	2
5	Purchase of own shares	3
6	Put and Call Options.....	3
7	Provisions on Realisation, on a Group Exit, for Leavers and on an Enforcement Sale.....	3
8	Voting.....	6
9	Variation of class rights	7
10	Issue of Shares.....	7
11	Transfer of Shares	8
12	General Meetings	9
13	Proceedings at general meetings and adjournment.....	9
14	Poll votes	10
15	Number of directors	11
16	Methods of appointing directors	11
17	Alternate directors	11
18	Acts of directors	12
19	Retirement of directors	12
20	Proceedings of directors	13
21	Unanimous decision of the Board and written resolutions	13
22	Directors' declarations of interest and conflict situations	14
23	Notices.....	17
24	Indemnity, insurance, gratuities and pensions	18
25	Share certificates etc.	19
26	Data protection	19
27	Lien on shares	19
28	Enforcement of the Company's lien.....	20
29	Definitions and interpretation.....	20

Company No. 11199030

The Companies Act 2006

Private Company Limited by Shares

ARTICLES OF ASSOCIATION

of

**M.K.M. BUILDING SUPPLIES (ELGIN)
LIMITED**

(adopted by Special Resolution on 29 September 2020)

1 Incorporation of Model Articles

- 1.1 The regulations contained in the model articles for private companies limited by shares as set out in schedule 1 to The Companies (Model Articles) Regulations 2008 as amended prior to the date of these Articles (**Model Articles**) will apply to the Company save insofar as they are excluded or varied by or are inconsistent with these Articles and such regulations (save as so excluded, varied or inconsistent) and these Articles will be the regulations of the Company.
- 1.2 Regulations 10, 11, 12, 13, 14, 21, 38, 44, 52 and 53 of the Model Articles will not apply to the Company.

2 Definitions and interpretation

2.1 Interpretation

These Articles will be interpreted in accordance with the provisions set out in Article 29 (Definitions and interpretation) unless the context otherwise requires.

2.2 Defined terms

- (a) A number of terms used in these Articles are defined in Article 29 (Definitions and interpretation) and all such defined terms will apply throughout these Articles.
- (b) In addition to the terms defined in Article 29 (Definitions and interpretation), a number of other terms are defined elsewhere in these Articles, and those defined terms will also apply throughout these Articles unless the context otherwise requires.

3 Share Capital

- 3.1 The issued share capital of the Company will not exceed £20,000 divided into 15,000 Ordinary Shares and 5,000 A Shares.
- 3.2 In these Articles, unless the context requires otherwise, references to Shares of a particular class will include Shares created and/or issued after the Adoption Date 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.

- 3.3 Save as specified to the contrary in these Articles, the Ordinary Shares and the A Shares will rank pari passu in all respects but will constitute separate classes of Shares.

4 Dividends

- 4.1 Subject to Article 4.3, each Member holding A Shares will be entitled to the payment of a cash dividend for each Financial Period of the Company (and the Company shall pay such a dividend out of the profits of the Company available for distribution at such time) determined as an amount equal to:

X% of the Net Profits of the Company for that Financial Period (**Dividend**).

Where X is the percentage determined by the following formula:

$(\text{Number of A Shares held by the Member} / 5,000) \times 10$

The Dividend shall be paid to the relevant Member on the date which is 14 days after the audit report on the accounts of the Company for the relevant Financial Period is signed by the Company's auditors.

For the purposes of this Article 4.1:

Net Profits means the net revenue profits shown in the audited profit and loss account of the Company for the relevant Financial Period subject to the following adjustments (if not already taken into account in such profit and loss account):

- (a) before deducting the payment of any Dividend; and
- (b) after deducting:
 - (i) a notional liability for corporation tax of 20%;
 - (ii) income from fixed assets and trade investments;
 - (iii) inter-company charges debited for the relevant Financial Period;
 - (iv) depreciation of the Company's plant and equipment;
 - (v) the aggregate amount of any bonus payments made to employees of the Company in respect of the Financial Period (other than any bonus paid to someone who holds A Shares in the Company); and
- (c) before adding or deducting profits or losses on the revaluation of any assets or any adjustment arising on the translation into pounds sterling of assets and liabilities denominated in foreign currencies; and
- (d) excluding profits or losses of a capital nature.

Financial Period means the 12 month period ending on 30 September in each year (or such other 12 month financial period as shall be adopted by the Company after the Adoption Date)

- 4.2 The Dividend shall be a debt due by the Company and shall be paid on the due date in accordance with Article 4.1. If any element of the Dividend cannot be paid when due because the Company has insufficient profits available for distribution, then such element shall be a debt due from the Company to the relevant Member and shall be paid as and when the Company has sufficient profits available for distribution to support such payment.
- 4.3 A Member holding A Shares shall cease to be entitled to any Dividend on the date which is the earlier to occur of (i) a Group Exit, (ii) a Realisation, (iii) an Enforcement Sale, and (iv) such Member's Termination Date.
- 4.4 Subject to the payment in full of the Dividend, any dividends or other distributions declared and/or paid will be declared and/or paid in relation to the Ordinary Shares only, and the A Shares shall not be entitled to participate in any such further dividends and/or distributions.

5 Purchase of own shares

The Company may, with M.K.M. Consent, purchase its own shares, in accordance with section 692(1)(b) of the CA 2006, with cash up to an amount in a financial year not exceeding the lower of:

- (a) £15,000; or
- (b) the value of 5% of its share capital.

6 Put and Call Options

- 6.1 The Ordinary Shares will entitle their holders (in that capacity) to purchase (or to procure that there are purchased) some or all of the A Shares held by any holder of A Shares upon or in connection with:

- (a) a Group Exit or Enforcement Sale and/or where the relevant holder of A Shares becomes a Leaver, in each case for the value set out in Article 7; and/or
- (b) a Realisation for an amount equal to the Issue Price of such A Shares.

(the "**Call Options**"). The terms and provisions in respect of the exercise of the Call Options, completion of the transfer of the relevant A Shares and the payment of the price payable in respect of the Call Options shall be as set out in each relevant Option Agreement.

- 6.2 The A Shares will entitle their holders (in that capacity) to require the holders of the Ordinary Shares to purchase (or to procure that there are purchased) 50% of the A Shares held by each holder of A Shares upon or in connection with a Group Exit (provided that the holders of the Ordinary Shares have not exercised the Call Options pursuant to Article 6.1) for the value set out in Article 7 (the "**Put Option**"). The terms and provisions in respect of the exercise of the Put Option, completion of the transfer of the relevant A Shares and the payment of the price payable in respect of the Put Option shall be as set out in each relevant Option Agreement.

7 Provisions on Realisation, on a Group Exit, for Leavers and on an Enforcement Sale

Subject always to the terms of any Option Agreements, the provisions of this Article 7 will apply to determine (i) the allocation of the Equity Proceeds on a Realisation, and (ii) the value attributable to the A Shares in the event of (A) a Group Exit, (B) a holder of A Shares becoming a Leaver, or (C) an Enforcement Sale.

7.1 Allocation of Equity Proceeds: Realisation

On a Company Sale or Company Winding Up, the Equity Proceeds will be allocated and paid out as follows:

- (a) first in paying to each Member holding A Shares an amount equal to the value (if any) that would have been attributable to the A Shares in accordance with Article 7.2 if a Group Exit had occurred on the date of such Company Sale or Company Winding Up, whereupon the A Shares shall cease to be entitled to share in any further allocation of the Equity Proceeds; and then
- (b) by dividing any surplus between the holders of the Ordinary Shares.

7.2 Value attributable to the A Shares: Group Exit

On a Group Exit the value (if any) attributable to the A Shares shall be determined in accordance with the following formula for each holder of A Shares:

$$(((A - B)/(C - D)) \times (E - F) \times G \times 70\%) - H$$

Where:

A = Branch Exit Profit

B = Branch Entry Profit

C = Aggregate Branch Exit Profit

D = Aggregate Branch Entry Profit

E = Net Group Exit Equity Value

F = Net Group Entry Equity Value

H = means, in respect of any new A Shares acquired after the Original Adoption Date, such amount as shall be determined by M.K.M. as the equivalent of the value that would have been received by a Good Leaver who had held an equivalent number of issued A Shares between the Original Adoption Date and the date on which the relevant new A Shares were acquired (**Acquisition Date**), had such Good Leaver's Termination Date occurred on the Acquisition Date, together with any additional 'hurdle sum' which the Valuers determine is required

G = the percentage, as a number, determined as follows for each holder of A Shares:

$$(\text{number of A Shares held}/5000) \times 25 \text{ (e.g. for a holder of 5,000 A Shares, the percentage would be 25\%)}$$

and with payment of any such value to the holder(s) of the A Shares being subject to the terms of, and the exercise of, any Option Agreement then in place between the Company and the holder of such A Shares. For the avoidance of doubt, where the Branch Exit Profit is lower than the Branch Entry Profit, no value shall be attributable to the A Shares on a Group Exit.

7.3 Value attributable to the A Shares: Leavers

The value attributable to the A Shares held by a Member following such Member becoming a Leaver shall be:

- (a) in any case where the relevant Member is a Good Leaver, the value determined in accordance with the formula set out in Article 7.2 on the basis that a Group Exit had occurred on the relevant Termination Date, as agreed between the Company and the relevant Member (or his personal representatives) or in the absence of such agreement within 10 Business Days of such Member's Termination Date (extended to 30 Business Days in the event of the death of the Member), the amount determined by the Valuers; and
- (b) in any case where the relevant Member is a Bad Leaver, the lower of Issue Price and the value determined in accordance with the formula set out in Article 7.2,

and with payment of any such value to the holder(s) of the A Shares being subject to the terms of, and the exercise of, any Option Agreement then in place between M.K.M. Building Supplies Limited and the holder of such A Shares.

7.4 Value attributable to the A Shares: Enforcement Sale

On an Enforcement Sale, the value attributable to the A Shares shall be the aggregate sum of £1.00.

7.5 Determination by Valuers

- (a) If instructed to determine any values under these Articles the Valuers will act as expert and not as arbitrator and their written determination will be final and binding on the Members.
- (b) If the Valuers are appointed under these Articles, the Company and the relevant Member (or that relevant Member's personal representatives, as the case may be) will each sign an engagement letter with the Valuers in a form agreed between the Valuers and the Company (acting reasonably). Each of the Company and the relevant Member acknowledge that the engagement letter will include a waiver of claims against the Valuers and similar 'hold harmless' provisions arising out of the Valuers' performance of the role.
- (c) The Company will use its reasonable endeavours to procure that the Valuers deliver their written opinion of the relevant value to the Board and to the relevant Member within 28 days of being requested to do so.
- (d) The Valuers' fees for reporting on their opinion of the relevant value will be borne as the Valuers specify in their valuation having regard to the conduct of the parties and the merit of their agreements in respect of the matters in dispute or otherwise (in the absence of any such specification by the Valuers) as to one half by the relevant Member and as to the other half by the Company unless the Valuers' opinion of the relevant value is equal to or less than that proposed by the Company, in which case the relevant Member will pay all the Valuers' fees.

7.6 Failure to transfer

If a Member holding A Shares fails for any reason (including death) to transfer any A Shares when required pursuant to these Articles or the terms of any Option Agreement, the Board may authorise any director of the Company (who will be deemed, by way of security for the

performance of the Member's obligations under those Articles, to be irrevocably appointed as the attorney of the Member holding such A Shares for the purpose) to execute each necessary transfer of such A Shares and deliver it on behalf of the Member holding such A Shares. The Company may receive the purchase money for such A Shares from the person to whom such A Shares have been allocated and will upon receipt (subject, if necessary, to the transfer being duly stamped) register the person to whom such A Shares have been allocated as the holder of such A Shares. The Company will hold such purchase money in a separate bank account on trust for the Member transferring such A Shares but will not be bound to earn or pay interest on any money so held. The Company's receipt for such purchase money will be a good discharge to the person to whom such A Shares have been allocated who will not be bound to see to the application of it, and after the name of the person to whom such A Shares have been allocated has been entered in the register of Members in purported exercise of the power conferred by this Article 7.6 the validity of the proceedings will not be questioned by any person.

7.7 Disenfranchisement of A Shares

Notwithstanding any other provision of these Articles, a Leaver Member;

- (a) will not be entitled to receive notice of or attend at, and will have no voting rights at, general meetings of the Company (or any separate meeting of the holders of the issued shares of any class) or to receive or to have any voting rights in respect of, any written resolutions of the Company (or of holders of the issued shares of any class);
- (b) will not be counted as a holder of Shares for the purposes of calculating whether the consent of any proportion of the holders of Shares (or of Shares of a particular class) has been obtained;
- (c) will be deemed to have automatically and irrevocably waived and released (and irrevocably undertakes not to exercise) any voting rights attaching to their Shares; and
- (d) will not be entitled to participate in any offer pursuant to Article 10 (Issue of Shares),

in each case in respect of any A Shares held by them (and of any A Shares received thereafter by way of rights issue or on a capitalisation in respect of those Shares) on and from the Termination Date (or if later the date upon which he receives the Shares) until the entry in the register of members of the Company of another person as the holder of those A Shares.

8 Voting

8.1 Voting rights

- (a) the Ordinary Shares (as a class) shall entitle the holders thereof to 75% of the total voting rights of all Shares at any time (such votes to be applied pro-rata across the Ordinary Shares then in issue);
- (b) the A Shares (as a class) shall entitle the holders thereof to 25% of the total voting rights of all Shares at any time (such votes to be applied pro-rata across the A Shares then in issue);
- (c) on a poll, every Member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by proxy will have such votes for every Share of which he is the holder as are determined in accordance with the previous provisions of this Article 8; and

- (d) on a written resolution, every Member holding one or more Shares as at the time on which the first copy of the resolution is sent or submitted to such Member in accordance with Chapter 2 of Part 13 of the CA 2006, will have such votes for every Share of which he is the holder as are determined in accordance with the previous provisions of this Article 8.

9 Variation of class rights

- 9.1 Whenever the capital of the Company is divided into different classes of Shares, the special rights attached to any class may only be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of 75% or more of the issued Shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued Shares of that class, but not otherwise. To every such separate meeting, all the provisions of these Articles relating to general meetings of the Company will apply (with such amendments as may be necessary to give such provisions efficacy).
- 9.2 The actions set below shall be a variation of the class rights attaching to the A Shares, and therefore no such action shall be taken (either through an amendment to these Articles or by the replacement of these Articles) without the consent of the relevant holder(s) of A Shares in accordance with Article 9.1:
 - (a) any issue of shares in the Company which will result in the A Shares in issue exceeding 5,000 in number;
 - (b) any amendment to and/or replacement of, Articles 7 or 8; and
 - (c) any other amendments and/or replacements of any part of these Articles which adversely impacts the economic rights enjoyed by the holders of the A Shares.

10 Issue of Shares

10.1 General Board power

Subject to the CA 2006 and to Articles 3.1 and 10.2, the directors may offer, allot, grant rights or warrants to subscribe for, grant options over, or otherwise deal with or dispose of unissued Shares to such persons and generally on such terms and in such manner and at such times as they may determine, save that no A Shares shall be issued unless the proposed holder of such A Shares has entered into an Option Agreement in respect of such A Shares.

10.2 Authority to allot shares

Subject to this Article 10, the directors of the Company are hereby authorised pursuant to section 551 of the CA 2006 generally and unconditionally to exercise all the powers of the Company to allot Shares and to grant rights to subscribe for or to convert any security into Shares (**Allotment Rights**), but so that:

- (a) this authority will expire on the day immediately preceding the fifth anniversary of the Adoption Date; and
- (b) the maximum amount of Shares that may be allotted or made the subject of Allotment Rights under this authority are Shares which (when aggregated with each Share already in issue on the adoption of these Articles) have an aggregate nominal value equal to

the limit on Share capital stated in Article 3.1 (and disregarding any later consent to vary the same).

This authority revokes all (if any) prior unexercised authorities vested in the directors to allot Shares or to grant Allotment Rights.

10.3 Statutory pre-emption disapplied

By virtue of section 567(1) of the CA 2006, the provisions of sections 561 and 562 of the CA 2006 will not apply to an allotment made by the Company of equity securities (as defined in section 560(1) of the CA 2006).

11 Transfer of Shares

11.1 Prohibited Transfers

- (a) Any transfer of any A Share or any interest in any A Share will be void and have no effect, and the Board will not register the transfer of any Share or any interest in any Share, in each case, unless the transfer is either:
 - (i) a transfer made with M.K.M. Consent; or
 - (ii) a transfer made in accordance with any Option Agreement.
- (b) Notwithstanding any other provision of these Articles, no transfer of any A Share will be made or registered:
 - (i) if it is to any minor, undischarged bankrupt, trustee in bankruptcy or person of unsound mind; and/or
 - (ii) unless the relevant transferee has entered into an Option Agreement in respect of such A Shares.

11.2 Refusal to register a transfer

- (a) If the Board refuses to register a transfer of a Share they will, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of, and the reasons for, the refusal.
- (b) Notwithstanding any other provision of these Articles, the Board and/or the Company shall have no discretion to decline to register, or suspend registration of, a transfer of Shares where the proposed transferee is a bank, financial institution or a trust, fund or other entity which is regularly engaged in or established for the purposes of making, purchasing or investing in loans, securities or other financial assets (or any agent, trustee, nominee or nominees or receiver of such entity) to whom such Shares are being transferred by way of security or a purchaser, transferee or other recipient of the Shares from such bank, institution or other entity and a certificate signed by an official of such bank, financial institution or other entity that the relevant Shares are charged shall be conclusive evidence of such fact.

11.3 Transfer of legal and beneficial interest

An obligation to transfer a Share under these Articles will be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from any lien, charge or other encumbrance.

11.4 Transmittees

The Board may at any time give notice requiring any person entitled to a Share by reason of the death or bankruptcy of a Member or otherwise by operation of law to elect either to be registered himself in respect of the Share or to transfer the Share and, if the notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share until the requirements of the notice have been complied with. Nothing in these Articles releases the estate of a deceased holder from any liability in respect of a Share solely or jointly held by that holder.

11.5 Miscellaneous provisions – transfer of Shares

- (a) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor and unless the Share is fully paid, by and on behalf of the transferee.
- (b) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any Share.
- (c) The Company may retain any instrument of transfer which is registered.
- (d) The transferor remains the holder of a Share until the transferee's name is entered in the register of Members as holder of it.
- (e) Any A Share which is acquired by any Group Company shall automatically, and without the need for any resolutions, be re-designated as an Ordinary Share.

12 General Meetings

Notice of any general meeting need not be given to any director in that capacity.

13 Proceedings at general meetings and adjournment

13.1 Quorum

- (a) Whenever the Company has only one member, the member present (being an individual) in person or by proxy, or (being a corporation) by a duly authorised representative or by proxy, will be a quorum. Subject to the provisions of section 318(2) of the CA 2006, whenever the Company has two or more members, two persons entitled to vote upon the business to be transacted each being a member (being an individual) present in person or by proxy, or (being a corporation) present by a duly authorised representative or by proxy (at least one of whom must be a holder of Ordinary Shares or a proxy or a duly authorised representative of such a holder), will be a quorum, provided that if at any time only the holder of Ordinary Shares is entitled to vote upon the business to be transacted (whether as a result of the operation of Article 7.6 or otherwise), such holder will be a quorum.
- (b) No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the person(s) attending it do not constitute a quorum.

13.2 Adjournment of meetings

- (a) If within ten minutes from the time appointed for a general meeting a quorum is not present or, if during a meeting a quorum ceases to be present, the meeting, if convened

upon the request of the Members in accordance with the CA 2006, will stand adjourned to the same time on the next following Business Day. Model Article 41(1) will not apply to the Company.

- (b) At any such adjourned meeting any holder of Ordinary Shares (or a proxy or a duly authorised representative of such a holder) will be a quorum.

14 Poll votes

14.1 Right to demand a poll

A poll on a resolution may be demanded:

- (a) in advance of the general meeting where it is to be put to the vote; or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared,

by the chairman of that meeting or any qualifying person (as such term is defined in section 318 of the CA 2006) present and entitled to vote at the meeting.

14.2 Withdrawal of demand

A demand for a poll may be withdrawn before the poll is taken, but only with the consent of the chairman of that meeting. A demand so withdrawn will not be taken to have invalidated the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting will continue as if the demand had not been made.

14.3 Manner of taking a poll

Subject to these Articles, polls at general meetings must be taken when, where and in such manner as the chairman of the meeting directs. The chairman of the meeting may appoint scrutineers (who need not be holders) and decide how and when the result of the poll is to be declared.

14.4 Result of a poll

The result of a poll will be the decision of the meeting in respect of the resolution on which the poll was demanded.

14.5 Miscellaneous

- (a) A poll on the election of the chairman of the meeting or a question of adjournment must be taken immediately. All other polls must be taken within thirty days of their being demanded.
- (b) A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.
- (c) No notice need be given of a poll not taken 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 days' notice must be given specifying the time and place at which the poll is to be taken.

- (d) The omission or failure by any proxy to vote in accordance with any instructions given to him by his appointor will not invalidate any vote cast by him or any resolution passed at the general meeting concerned.

15 Number of directors

The number of directors will not be less than one and there will be no maximum number.

16 Methods of appointing directors

- 16.1 Subject to these Articles and the Company obtaining M.K.M. Consent, any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:

- (a) by ordinary resolution; or
- (b) by a decision of the directors.

- 16.2 Model Article 17(1) will not apply to the Company (but, for the avoidance of doubt, Model Articles 17(2) and 17(3) will apply).

17 Alternate directors

17.1 Appointment of alternate directors

- (a) A director (other than an alternate director) may, by notice in writing delivered to the Company, or in any other manner approved by the directors, appoint any person willing to act to be his alternate.
- (b) The appointment of an alternate director who is not already a director or alternate director will require the approval of the Board.

17.2 Existing director acting as alternate director

If an alternate director is himself a director and/or participates in any proceeding of the directors or at any committee as an alternate director for more than one director will have a separate vote for each director for whom he acts as alternate in addition to his own but he will only be counted once in deciding whether a quorum is present.

17.3 Rights of alternate director – general

An alternate director will (subject to his giving to the Company an address within the United Kingdom at which notices may be served on him) have the same rights in relation to any decision of the directors as his appointor and in particular will (without limitation) be entitled to receive notice of all meetings of the directors and all committees of which his appointor is a member and, in the absence from such meetings of his appointor, to attend and vote at such meetings and to exercise all the powers, rights, duties and authorities of his appointor (other than the power to appoint an alternate director).

17.4 Rights of alternate director - miscellaneous

- (a) A person who is an alternate director but not a director:
 - (i) 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

- (ii) may participate in a unanimous decision of the directors (but only if that person's appointor is not participating).
- (b) An alternate director will be entitled to contract and be interested in and benefit from contracts or arrangements with the Company and to be repaid expenses and to be indemnified in the same way and to the same extent as a director. However, he will not be entitled to receive from the Company any fees for his services as alternate, except only such part (if any) of the fee payable to his appointor as such appointor may by notice to the Company direct. Subject to this Article 17, the Company will pay to an alternate director such expenses as might properly have been paid to him if he had been a director.
- (c) Every person acting as an alternate director will be an officer of the Company, will alone be responsible to the Company for his own acts and defaults and will not be deemed to be the agent of the director appointing him.

17.5 Cessation of appointment

An alternate director will automatically cease to be an alternate director:

- (a) if his appointor revokes his appointment by notice in writing delivered to the Company, or in any other manner approved by the directors; or
- (b) if his appointor ceases for any reason to be a director; or
- (c) if any event happens in relation to him which causes his office as director to be vacated or (if not himself a director) would do so if he were himself a director.

18 Acts of directors

Subject to the provisions of the CA 2006, all acts done in any proceedings of directors or by a person acting as a director will, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

19 Retirement of directors

19.1 The directors will not be subject to retirement by rotation.

19.2 The office of a director who is at any time an employee of the Company or of any Group Company will automatically be vacated if:

- (a) he ceases to hold office as an employee or director (as described in the definition of Termination Date) of the Company; or
- (b) his employer ceases to be a member of the same Group (whether or not he ceases to be its employee),

without being appointed as or continuing to be an employee of the Company or of another continuing member of the same Group.

20 Proceedings of directors

20.1 General rule

The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with Article 21. The directors may make, vary, relax or repeal any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

20.2 Decisions of sole director

A sole director may take decisions by way of written resolution.

20.3 Quorum

- (a) Other than where there is only one director appointed, the quorum for the transaction of business of the Board will be two directors.
- (b) At a Board meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

20.4 Means of participation

Any director or his alternate may validly participate in a meeting of the Board or a committee of the Board by conference telephone or other form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person so participating will be deemed to be present in person at the meeting and will be counted in a quorum and be entitled to vote. Such a meeting will be deemed to take place where the largest group of those participating is assembled or, if there is no group that is larger than any other group, where the chairman is.

20.5 No casting vote

The chairman will not have a second or casting vote at a meeting of the Board.

20.6 Chairman

The participating directors in any meeting must appoint one of themselves to chair it.

21 Unanimous decision of the Board and written resolutions

21.1 A decision of the Board is taken in accordance with this Article 21 when sufficient Eligible Directors indicate by any means that they share a common view on a matter.

21.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing. A proposed directors' written resolution is adopted when each of the Eligible Directors have signed at least one copy or duplicate copy of it.

21.3 A decision may not be taken in accordance with this Article 21 if the Eligible Directors would not have formed a quorum had the matter been proposed as a resolution at a directors' meeting.

21.4 Unless the context otherwise requires, reference in these Articles to any meeting of the directors (or of any committee) includes any other proceedings or process by which any decision complying with Article 21 is reached.

22 Directors' declarations of interest and conflict situations

22.1 Declarations of interest

A director who to his knowledge is in any way, whether directly or indirectly, interested in any actual or proposed contract, transaction or arrangement with the Company will in the circumstances and to the extent that the same is required by the provisions of the CA 2006 declare the nature and extent of his interest in the relevant matter (or in any of the relevant matters) permitted in such circumstances. A director who has declared such an interest may (to the greatest extent permitted by law) vote at any such meeting on any resolution concerning a matter in which he has, directly or indirectly, an interest and (whether he votes or not) may be counted towards any quorum.

22.2 Interested directors may vote and count in quorum

To avoid doubt and without prejudice to the generality of Article 22.1, a director will not be precluded from voting or (whether he votes or not) from counting in the quorum on any Board resolution to convene any general or class meeting or to approve and issue any written resolution of the Members of the Company (or of any class) because he may benefit from or otherwise be affected by any authorisation (or the revocation of, or amendment of, any authorisation) in the context of his duty under section 175 of the CA 2006 which would be effected or permitted by such resolution, if passed.

22.3 Authorisation of conflicts by directors

- (a) For the purposes of section 175 of the CA 2006 the directors will have the power to authorise, on such terms (including as regards duration and revocation) and subject to such limits or conditions (if any) as they may determine (**Conflict Authorisation**), any matter proposed to them in accordance with these Articles which would, or might, if not so authorised, constitute or give rise to a situation in which a director (**Relevant Director**) has, or could have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company (**Conflict Situation**).
- (b) Where directors give a Conflict Authorisation under the power conferred by section 175 of the CA 2006:
 - (i) the terms of such Conflict Authorisation will be recorded in writing (but the authorisation will be effective whether or not the terms are so recorded);
 - (ii) the directors may revoke or vary such Conflict Authorisation at any time but this will not affect anything done by the Relevant Director prior to such revocation or variation in accordance with the terms of such authorisation; and
 - (iii) the Relevant Director will be obliged to act in accordance with any terms, limits or conditions to which such Conflict Authorisation is made subject.

22.4 Terms and conditions of Conflict Authorisation

Any terms to which a Conflict Authorisation is made subject (**Conflict Authorisation Terms**) may include (without limitation to Article 22.1) provision that:

- (a) where the Relevant Director obtains (other than in his capacity as a director of the Company or as its employee or agent or, if the directors so decide, in any other capacity that would otherwise oblige him to disclose it to the Company) information that is

confidential to a third party, he will not be obliged to disclose it to the Company or to use it directly or indirectly for the benefit of the Company or in performing his duties as a director of the Company in circumstances where to do so would amount to a breach of a duty of confidence owed to that third party; and/or

- (b) the Relevant Director may (but will be under no obligation to) absent himself from the discussion of, and/or the making of decisions relating to, the relevant matter (whether at any meeting of the directors or otherwise) and be excused from reviewing documents and information prepared by or for the directors to the extent that they relate to that matter; and/or
- (c) the Relevant Director be excluded from the receipt of documents and information, the participation in discussion and/or the making of decisions (whether at directors' meetings or otherwise) related to the relevant matter,

and the Company will not treat anything done (or omitted to be done) by the Relevant Director in accordance with any such provision (or otherwise in accordance with any Conflict Authorisation Terms given under Article 22.1) as a breach by him of his duties under sections 172 to 174 of the CA 2006.

22.5 **Group Conflict Authorisation**

Subject to Article 22.6, authorisation is given by each Member on the terms of these Articles to each director in respect of any Conflict Situation that exists as at the Adoption Date or that subsequently arises because (in either case) the director is or becomes a shareholder, investor or other participant in, lender to, guarantor, director, officer, manager or employee of, or otherwise in any other way interested or concerned in, any member of the Relevant Group (**Group Conflict Authorisation**). The Conflict Authorisation Terms applicable to the Group Conflict Authorisation (**Group Conflict Authorisation Terms**) are automatically set by this Article 22.5 so that the director concerned:

- (a) is not obliged to disclose to the Company information that is confidential to a third party obtained by him (other than in his capacity as a director of the Company or as its employee or agent or, if the directors so decide, in any other capacity that would otherwise oblige him to disclose it to the Company) in any situation to which the Group Conflict Authorisation applies, nor to use any such information directly or indirectly for the benefit of the Company or in performing his duties as a director of the Company, in circumstances where to do so would amount to a breach of a duty of confidence owed to that third party; and
- (b) may (but will be under no obligation to):
 - (i) absent himself from the discussions of, and/or the making of decisions;
 - (ii) make arrangements not to receive documents and information,relating to the Conflict Situation concerned,

and the Company will not treat anything done (or omitted to be done) by the director concerned in accordance with the Group Conflict Authorisation Terms as a breach by him of his duties under sections 172 to 174 of the CA 2006.

22.6 **Revocation or variation of Group Conflict Authorisation**

A Group Conflict Authorisation given or deemed given under Article 22.5 may be revoked, varied or reduced in its scope or effect only by special resolution (with M.K.M. Consent).

22.7 **Authorisation of Investor Director conflicts**

If and for so long as any director is the holder of any shares in any Group Company, authorisation is given by each Member on the terms of these Articles to each such director for the time being (including any alternate) in respect of any Conflict Situation that exists as at the Adoption Date or that subsequently arises because (in either case) the director is or becomes a shareholder, investor or other participant in, lender to, guarantor, director, officer, manager or employee of, or otherwise in any other way interested or concerned in, any Group Company (**Investor Conflict Authorisation**). The Conflict Authorisation Terms applicable to the Investor Conflict Authorisation (**Investor Conflict Authorisation Terms**) are automatically set by this Article 22.7 so that the director:

- (a) is not obliged to disclose to the Company information that is confidential to a third party obtained by him (other than in his capacity as a director of the Company or as its employee or agent or in any other capacity that would otherwise oblige him to disclose it to the Company) in any situation to which the Investor Conflict Authorisation applies, nor to use any such information directly or indirectly for the benefit of the Company or in performing his duties as a director of the Company, in circumstances where to do so would amount to a breach of a duty of confidence owed to that third party; and
- (b) may (but will be under no obligation to):
 - (i) absent himself from the discussions of, and/or the making of decisions;
 - (ii) make arrangements not to receive documents and information, relating to the Conflict Situation concerned,

and the Company will not treat anything done (or omitted to be done) by the director concerned in accordance with the Investor Conflict Authorisation Terms as a breach by him of his duties under sections 172 to 174 of the CA 2006.

22.8 **Conflict Authorisation - miscellaneous**

- (a) Any Conflict Authorisation (whether under Article 22.3, Article 22.5 or Article 22.7) will (subject to any express contrary wording in its terms) be automatically deemed to extend to any actual or possible conflict of interest which may reasonably be expected to arise out of the Conflict Situation so authorised.
- (b) Nothing in this Article 22 will relieve any director from any duty he may otherwise have to declare and to update any declaration of any interest but no failure, delay or inaccuracy in making or updating such declaration will prejudice or invalidate any Conflict Authorisation (whether under Article 22.3, Article 22.5 or Article 22.7).

22.9 **Receipt of profits, remuneration or other benefits**

- (a) A director is not required, by reason of being a director, to account to the Company for any profit, remuneration or other benefit which he derives from or in connection with:

- (i) a Conflict Situation which has been authorised by the directors pursuant to Article 22.3, or by the Members whether in these Articles or otherwise (subject to any terms, limits or conditions attaching to such authorisation);
 - (ii) being interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
 - (iii) holding any other office or place of profit under the Company, except that of auditor, in conjunction with the office of director and acting by himself or through his firm in a professional capacity for the Company (and being entitled to remuneration as the directors may arrange, either in addition to or in lieu of any remuneration provided for by any other article); and
 - (iv) being a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment.
- (b) The Company will not treat the receipt by the director of any profit, remuneration or other benefit referred to in Article 22.9 as a breach of duty under section 176 of the CA 2006. No such contract, arrangement, transaction or proposal will be avoided on the grounds of any such interest, profit, remuneration or other benefit.

22.10 Determination of questions regarding right to participate

- (a) Subject to Article 22.10(b), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.
- (b) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

23 Notices

- 23.1 Any notice, document or information (including a share certificate) which is sent or supplied by the Company:
- (a) in hard copy form, or in electronic form but to be delivered other than by electronic means, and which is sent by pre-paid post and properly addressed will be deemed to have been received by the intended recipient at the expiration of twenty-four hours (or, where first class mail is not used, forty-eight hours) after the time it was posted, and in proving such receipt it will be sufficient to show that such notice, document or information was properly addressed, pre-paid and posted;
 - (b) by electronic means will be deemed to have been received by the intended recipient twenty-four hours after it was transmitted, and in proving such receipt it will be sufficient to show that such notice, document or information was properly addressed; and

- (c) by means of a website will be deemed to have been received when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

23.2 Any accidental failure on the part of the Company to send, or the non-receipt by any person entitled to, any notice of or other document or information relating to any meeting or other proceeding will not invalidate the relevant meeting or proceeding. This Article will have effect in place of the Company Communications Provisions relating to deemed delivery of notices, documents or information.

23.3 For the purposes of calculating the time when any notice, document or information sent or supplied by the Company is deemed to have been received by the intended recipient for the purposes of these Articles (regardless of whether the period is expressed in hours or days) full account will be taken of any day, and any part of a day, that is not a Business Day. This Article 23.3 will have effect in place of the Company Communications Provisions regarding the calculation of the time when any such notice, document or information is deemed to have been received by the intended recipient.

24 Indemnity, insurance, gratuities and pensions

24.1 Subject to the CA 2006, the Company:

- (a) will, without prejudice to any other indemnity to which the person concerned may otherwise be entitled, indemnify every relevant officer out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him:
 - (i) in relation to the actual or purported execution and discharge of the duties of such office; and
 - (ii) in relation to the Company's (or associated company's) activities in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the CA 2006);
- (b) may provide any relevant officer with funds to meet his defence expenditure in respect of any civil or criminal proceedings or regulatory investigation or other regulatory action or in connection with any application for any category of relief permitted by the CA 2006 and may do anything to enable him to avoid incurring any such expenditure; and
- (c) may decide to purchase and maintain insurance, at the expense of the Company for the benefit of any relevant officer in respect of any relevant loss.

24.2 In this Article 24:

- (a) companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate;
- (b) a relevant officer means any director, secretary, auditor or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined in section 235(6) of the CA 2006)); and
- (c) a relevant loss means any loss or liability which has been or may be incurred by a relevant officer in connection with that officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company.

24.3 The directors may exercise all the powers of the Company to purchase and maintain for every director or other officer insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may be lawfully insured against.

24.4 The directors may, on behalf of the Company, exercise all the powers of the Company to provide benefits, whether by the payment of gratuities or pensions or by insurance or in any other manner (whether similar to the foregoing or not), for any director or former director or any relation, connection or dependant of any director or former director who holds or has held any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or with a predecessor in business of the Company or of any such subsidiary and may contribute to any fund and pay premiums for the purchase or provision of any such benefit. No director or former director will be accountable to the Company or the members for any benefit permitted by this Article 24.4 and the receipt of any such benefit will not disqualify any person from being or becoming a director of the Company.

25 Share certificates etc.

The Company may in any manner permitted by the applicable provisions of Part 4 of the CA 2006 execute any share certificate, warrant or other document creating or evidencing any security allotted by the Company or any right or option to subscribe granted by the Company.

26 Data protection

26.1 Each of the Members and directors of the Company for the time being consent to the processing of their personal data by the Company, its Members 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. The personal data which may be processed under this Article includes any information which may have a bearing on the prudence or commercial merits of investing, or disposing of any Shares (or other investment or security) in the Company.

26.2 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 as that Recipient (**Recipient Group Companies**) and to employees, directors and professional advisers of that Recipient Group Companies and funds managed by any of the Recipient Group Companies. Each of the Members and directors of the Company for the time being 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 desirable to do so.

27 Lien on shares

27.1 Subject always to Article 27.2, the Company shall have a first and paramount lien (the **Company's lien**) over every share (whether fully paid or not), standing registered in the name of any holder, whether he is their sole holder or is one of two or more joint holders, for all money presently payable by him or his estate to the Company. The directors may resolve that any share be exempt wholly or in part from this Article 27.

27.2 Where a security interest has been granted over any Shares pursuant to a security agreement granted in favour of any bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purposes of making, purchasing or investing in loans, securities or other financial assets, such Shares shall be exempt from all liens (whether present or future) in favour of the Company that would arise pursuant to these Articles or otherwise

howsoever and the Company shall not claim any lien (howsoever arising) in respect of such Shares while such security interest remains unreleased. A certificate executed by the party to whom such security interest has been granted that such security interest remains unreleased shall be conclusive evidence of such fact.

28 Enforcement of the Company's lien

- 28.1 For the purpose of enforcing the Company's lien on any shares, the directors may sell them in such manner as they decide if an amount owing to the Company is presently payable and is not paid within fourteen days following the giving of a notice to the holder (or any transmittee) demanding payment of the amount due within such fourteen day period and stating that if the notice is not complied with the shares may be sold.
- 28.2 Where shares are sold under this Article 28:
- (a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser (and any instrument so executed shall be effective as if it had been executed by the holder of, or the transmittee to, the shares to which it relates); and
 - (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- 28.3 The net proceeds of any sale of shares subject to the Company's lien under these Articles (after payment of the costs and expenses of sale) shall be applied in or towards satisfaction of the amount then due to the Company. Any balance shall be paid to the original holder of, or the person entitled (but for such sale) by transmission to, the shares on surrender to the Company for cancellation of the certificate for such shares and subject to the Company having a lien on such balance on the same basis as applied to such shares for any amount not presently payable as existed on such shares before the sale.
- 28.4 A statutory declaration by a director or the company secretary that a share has been sold to satisfy the Company's lien on a specified date shall be conclusive evidence of the facts stated in it against all persons claiming to be entitled to the share. The declaration shall (subject to the execution of any necessary instrument of transfer) constitute good title to the share.
- 28.5 If a share is subject to the Company's lien and the directors are entitled to issue a notice in respect of it, they may, instead of issuing a notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the Company to the extent that they are entitled to require payment under a lien enforcement notice. Money so deducted must be used to pay any of the sums payable to the Company.
- 28.6 Where a deduction is made under Article 28, the Company must notify the distribution recipient in writing of the fact and amount of any such deduction, any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and how the money deducted has been applied.

29 Definitions and interpretation

- 29.1 In these Articles, unless the context otherwise requires:

A Share means an A Ordinary Share of £1.00 in the capital of the Company

acting in concert has the meaning given by the City Code on Takeovers and Mergers as in force and construed on the Investment Date

Adoption Date means the date of adoption of these Articles

Aggregate Branch Entry Profit means the sum of the individual Branch Entry Profits determined pursuant to the articles of association (in a form substantially similar to these Articles) of each M.K.M. Branch Subsidiary for the complete financial year ending 30 September 2016

Aggregate Branch Exit Profit means the sum of the individual Branch Exit Profits determined pursuant to the articles of association (in a form substantially similar to these Articles) of each M.K.M. Branch Subsidiary at the time of the Group Exit or, where there is no Group Exit, at the time of the Termination Date

AIM means the AIM Market of the London Stock Exchange

Auditors means the auditors for the time being of the Company

Bad Leaver means a Member who ceases to be an employee in any circumstances where he is not a Good Leaver

Board means the board of directors of the Company for the time being

Business Day means any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays)

Branch Entry Profit means the earnings before interest and tax of the Company for the last complete financial year of the Company ending 30 September 2018, as set out in the management accounts of the Company for such complete financial year (and where this is a negative sum i.e. a loss, or if there are no such accounts due to the Company not having traded for such period, then such amount shall be zero)

Branch Exit Profit means the earnings before interest and tax of the Company (i) where there is a Group Exit, for the last complete financial year of the Company ending prior to the Group Exit as set out in the management accounts of the Company for such complete financial year, or (ii) where there is no Group Exit, for the last complete financial year of the Company ending prior to the Termination Date, as set out in the management accounts of the Company for such complete financial year (and where this is a negative sum i.e. a loss, or if there are no such accounts due to the Company not having traded for such period, then such amount shall be zero)

CA 2006 means Companies Act 2006

chairman means the chairman of the Board appointed or designated as such pursuant to a resolution of the directors

Change of Control means the acquisition whether by purchase, transfer, renunciation or otherwise by any person of any interest in any shares in any M.K.M. Group Holding Company if, upon completion of that acquisition, such person, together with persons acting in concert or connected with him (such persons not being persons who were previously shareholders in the relevant M.K.M. Group Holding Company or in M.K.M. Topco), would directly or indirectly hold more than 50% of the voting rights at a general meeting of that M.K.M. Group Holding Company attached to the issued shares in that M.K.M. Group Holding Company for the time being, but

excluding any such transfer of shares arising in connection with any reorganisation (including the introduction of any new direct or indirect holding company of the Company, whether in preparation for a Listing or otherwise) following which the ultimate holding company of the Company remains M.K.M. Topco and the shareholders of M.K.M. Topco are the same (and hold their respective shares in the same proportions) in before and after the reorganisation

Company Sale means the sale, disposal or transfer of more than 50% of the Shares then in issue, but excluding any such transfer of shares to another direct or indirect subsidiary of M.K.M. Topco

Company Winding Up means the passing of any resolution for the winding up of the Company, or any other return of capital (on liquidation, capital reduction or otherwise)

Conflict Authorisation has the meaning given in Article 22.3

Conflict Authorisation Terms has the meaning given in Article 22.4

Conflict Situation has the meaning given in Article 22.3

connected with has the meaning given in sections 1122 and 1123 of the Corporation Tax Act 2010 save that there will be deemed to be control for that purpose whenever either section 450, 451 or 1124 of that act would so require

director means a director of the Company, and includes any person occupying the position of director, by whatever name called

Eligible Director means a director entitled to vote on any matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter)

Enforcement Sale means a sale (whether by way of sale, appropriation or otherwise) of the entire issued share capital of any M.K.M. Group Holding Company on arms' length terms which is effected pursuant to or following the enforcement of security held by any finance provider (or agent or trustee on their behalf) to the Group (or being effected at their request in circumstances where such security has become enforceable) in circumstances which results in a Change of Control of such M.K.M. Group Holding Company

Equity Proceeds means:

- (a) in the event of a Company Sale, the Sale Price
- (b) in the event of a Company Winding Up, the amount to be distributed for all the Shares calculated by reference to the aggregate amount or value to be paid in cash to the Members in respect of their Shares on completion of such Winding Up

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

Good Leaver refers to a Member who ceases to be an employee:

- (a) as a result of death; or
- (b) if the Board serves written notice on the Company confirming that such person be treated as a Good Leaver for the purposes of these Articles

Group means the Company, any direct or indirect subsidiaries and subsidiary undertakings of the Company, any direct or indirect holding companies of the Company, and any direct or indirect subsidiaries and subsidiary undertakings of any such holding company, each for the time being and **member of the Group** and **Group Company** will be construed accordingly

Group Conflict Authorisation has the meaning given in Article 22.5

Group Conflict Authorisation Terms has the meaning given in Article 22.5

Group Exit means the earliest to occur of:

- (a) a Share Sale (which is not an Enforcement Sale); and
- (b) the date and time at which a Listing takes place; and
- (c) a Group Winding Up

Group Winding Up means the passing of any resolution for the winding up of M.K.M. Topco, or any other return of capital (on liquidation, capital reduction or otherwise).

Issue Price means the amount paid up or credited as paid up on the Shares concerned (including any premium)

Leaver means a Member who is an employee of a member of the Group, who ceases to hold such employment in circumstances where the Member does not remain or thereupon immediately become an employee of another company which is still a member of the Group

Leaver Member means a Member holding A Shares who has become a Leaver (or any personal representative(s) of such Member)

Listing means either:

- (a) the admission by the UK Listing Authority to listing, together with admission by the London Stock Exchange to trading, on the Official List of any of the equity shares of M.K.M. Topco, and such admission becoming effective; or
- (b) the admission by the London Stock Exchange of any of the equity shares of M.K.M. Topco to trading on AIM, and such admission becoming effective; or
- (c) any equivalent admission to any other Recognised Investment Exchange becoming unconditionally effective in relation to any of the equity shares of M.K.M. Topco

Member means any registered holder of a Share for the time being

M.K.M. Branch Subsidiary means any subsidiary company of M.K.M. Building Supplies Limited (No. 03100815) which has, as one of its registered shareholders, any employee of the Group

M.K.M. Consent means consent from the holders of a majority of the Ordinary Shares

M.K.M. Group Holding Company means any of:

- (a) M.K.M. Building Supplies Limited; or
- (b) M.K.M. Topco; or

- (c) any other company which is a (direct or indirect) holding company of the Company and a (direct or indirect) subsidiary of M.K.M. Topco

M.K.M. Topco means M.K.M. Topco means M.K.M. Building Supplies (Group) Limited (No. 10641736) or any new holding company of M.K.M. Building Supplies (Group) Limited (No. 10641736) formed as part of any reorganisation, including in preparation for a Listing

Model Articles has the meaning given in Article 1

Net Group Entry Equity Value means the equity value attributable to the equity shares of M.K.M. Topco as at the Original Adoption Date

Net Group Exit Equity Value means:

- (i) in relation to a Group Exit an amount equal to the sum determined by the following provisions, but for the purposes of this definition, in each case before deducting any value which will be attributable to the A Shares on a Group Exit in accordance with Article 7.2 (or any value being realised by the Group Exit attributable to any other A shares in any other M.K.M. Branch Subsidiary):
 - (A) in the event of a Listing, the aggregate value of all of the shares for which a Listing is obtained (excluding any new shares issued in any primary offering made in connection with the Listing and, for the avoidance of doubt, any shares converted by or issued to shareholders in respect of their holdings of preference shares or loan notes in or issued by any Group Company from time to time), such aggregate value to be determined by multiplying the number of such shares by the price per share set out, or which would be set out, on the cover page of a prospectus in relation to the Listing and, to the extent not already taken into account in determining the value of the Listing shares, less all costs (including underwriting commissions) incurred by any Group Company or the shareholders of M.K.M. Topco in relation to the Listing;
 - (B) in the event of a Share Sale which is a sale of M.K.M. Topco, the aggregate consideration payable to the shareholders of M.K.M. Topco in respect of their holding of equity shares (but excluding for the avoidance of doubt any proceeds payable to such shareholders in respect of their holding of preference shares or loan notes in or issued by any Group Company from time to time) including the cash equivalent value of any non-cash consideration for such equity shares and, to the extent not already taken into account in determining the consideration payable, less all costs incurred by any Group Company or the shareholders of M.K.M. Topco in relation to such Share Sale;
 - (C) in the event of a Share Sale which is not a sale of M.K.M. Topco, the amount that would be distributed in accordance with the provisions of limb (iv) of this definition (below) if a Group Winding Up occurred immediately following completion of such Share Sale, after repayment of any indebtedness and related interest, costs, fees and/or other amounts which are owing or payable following such Share Sale by M.K.M. Topco or any of its subsidiaries and after payment of any costs incurred by any Group Company or the shareholders of M.K.M. Topco in relation to such Share Sale;

- (D) in the event of a Group Winding Up, the amount to be distributed (including the cash equivalent value of any non-cash consideration) in the Group Winding Up to the shareholders of M.K.M. Topco in respect of their holding of equity shares (but excluding for the avoidance of doubt any proceeds payable to such shareholders in respect of their holding of preference shares or loan notes in or issued by any Group Company from time to time) and, and, to the extent not already taken into account in determining the amount to be so distributed, less all costs incurred by any Group Company or the shareholders of M.K.M. Topco in relation to such Group Winding Up;

and to the extent that any of the values above include (a) an element of deferred consideration, its value shall be the present value of such deferred consideration as determined by the Board (acting in good faith, and determined on the same basis as for the shareholders participating in the Listing, Share Sale or Group Winding Up), or (b) any non-cash consideration, its value shall be the present cash equivalent value of such non-cash consideration as determined by the Board (acting in good faith, and determined on the same basis as for the shareholders participating in the Listing, Share Sale or Group Winding Up);

- (ii) in the event of the Member becoming a Good Leaver, the amount as agreed or determined between the Company and the relevant Member (or his personal representatives) in accordance with the provisions of Article 7.3 or in the absence of such agreement within 10 Business Days of such Member's Termination Date (extended to 30 Business Days in the event of the death of the Member), the amount determined by the Valuers

Option Agreement means any option agreement over A Shares in place from time to time between the holders of the Ordinary Shares and a holder of A Shares and **Option Agreements** shall be construed accordingly

Ordinary Share means an Ordinary Share of £1.00 in the capital of the Company

Original Adoption Date means 3 April 2019

paid means paid or credited as paid

Realisation means a Company Sale or a Company Winding Up

Recipient has the meaning given in Article 26.1

Recognised Investment Exchange has the meaning given in section 285(1)(a) of the Financial Services and Markets Act 2000

Relevant Director has the meaning given in Article 22.3

Sale Price means the price paid for all of the Shares

Shares means shares of any class in the capital of the Company

Share Sale means the sale, disposal or transfer of shares then in issue in any M.K.M. Group Holding Company giving rise to a Change of Control in that company

Termination Date means the date upon which a Member holding A Shares ceases to be an employee being:

- (a) where the Group Company terminates or purports to terminate a contract of employment by giving notice to the employee of the termination of the employment, whether or not the same constitutes a wrongful or unfair dismissal, be the later of the date of that notice and the date on which such termination is legally effective pursuant to such notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the Group Company in respect of such termination);
- (b) where the employee terminates or purports to terminate a contract of employment by giving notice to the Group Company of the termination of the employment (whether or not he is lawfully able so to do), be the later of the date of that notice and the date on which such termination is legally effective pursuant to such notice;
- (c) where the Group Company (on the one hand) or employee (on the other hand) wrongfully repudiates the contract of employment and the other respectively accepts that the contract of employment or engagement has been terminated, be the date of such acceptance by the Group Company, or employee (as the case may be);
- (d) where a contract of employment is terminated under the doctrine of frustration, be the date of the frustrating event;
- (e) where a contract of employment is terminated in any other circumstance, be the date on which the person actually ceases to be employed or engaged by the Group Company; and
- (f) where the Member dies, the date of his death

UK Listing Authority means the Financial Conduct Authority or its successors as the competent authority for listing in the United Kingdom under Part 6 of the Financial Services and Markets Act 2000

Valuers means the Auditors unless the Auditors give notice to the Company that they are unable or unwilling to take an instruction to report on the matter in question or the terms on which the Auditors are prepared to act are not acceptable to the Company (acting reasonably), in which event the Valuers will be a firm of chartered accountants as agreed between the relevant Member (or his personal representative(s) in the event of the death of a Member) and the Board or in default of such agreement within 10 Business Days, as appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of any such party

- 29.2 In these Articles, words importing a gender include every gender and references to persons will include bodies corporate, unincorporated associations and partnerships.
- 29.3 Words and expressions defined in or for the purposes of the CA 2006 will, unless the context otherwise requires, have the same meaning in these Articles.
- 29.4 The headings in these Articles will not affect their construction or interpretation.
- 29.5 Whenever under these Articles it is desired or necessary for any two or more persons to give any notice, consent or approval in writing, the same may be done by them executing two or more documents either in identical form or adapted only for execution.

- 29.6 The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with these Articles or otherwise arising between the Company and any of its members (or any former member or any person claiming title or interest under or by virtue of any member or former member) (each a **Disputant**) relating in any way to the past or present or alleged membership of the Company or otherwise under the Articles of Association for the time being of the Company or under the CA 2006 (**Dispute**), including a dispute regarding the existence, validity or termination of membership of the Company or the consequences of its nullity.
- 29.7 The Company and each Disputant agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.
- 29.8 Notwithstanding Article 29.6 and Article 29.7, this Article does not prevent the Company from taking proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Company may take concurrent Proceedings in any number of jurisdictions.
- 29.9 Unless the context otherwise requires, reference in these Articles to any English term for any action, remedy, method of judicial proceeding, legal document, legal status, Court, legislation, official or any legal concept or thing will, in respect of any jurisdiction other than England and Wales, be deemed to include what most nearly approximates in that jurisdiction to the relevant English term.