

## COMPANIES ACT 2006

### A PRIVATE COMPANY LIMITED BY SHARES

---

### ARTICLES OF ASSOCIATION

---

(Adopted by Written Resolution passed on 15 December 2023)

of

Fourth Wall Creative Limited

**(Company Number 11641917)**

## TABLE OF CONTENTS

1	INTRODUCTION	1
2	DEFINITIONS	1
3	SHARE CAPITAL	10
4	SHARE RIGHTS	10
5	ISSUE OF NEW SHARES: PRE-EMPTION	13
6	VARIATION OF CLASS RIGHTS	16
7	LIEN	17
8	REGISTRATION OF TRANSFERS	18
9	TRANSFERS PURSUANT TO OFFERS MADE UPON A CHANGE OF CONTROL OR WITH INVESTOR MAJORITY CONSENT	18
10	PERMITTED TRANSFERS	18
11	PRE-EMPTION RIGHTS	20
12	MANDATORY TRANSFERS	24
13	EVIDENCE OF COMPLIANCE	27
14	EVIDENCE OF AUTHORISATION	27
15	TAG ALONG	27
16	DRAG ALONG	29
17	PROCEEDINGS AT GENERAL MEETINGS	30
18	ALTERNATE DIRECTORS	30
19	APPOINTMENT AND RETIREMENT OF DIRECTORS	30
20	PROCEEDINGS OF THE DIRECTORS	31
21	INVESTOR DIRECTORS AND FOUNDER DIRECTORS	32
22	DIRECTORS' CONFLICTS OF INTERESTS	33
23	STEP IN RIGHTS	35
24	CONSENT MATTERS	35
25	DIRECTORS' BORROWING POWERS	35
26	INDEMNITY	36

THE COMPANIES ACT 2006

A PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(adopted by Written Resolution  
passed on 15 December 2023)

-of-

Fourth Wall Creative Limited

1. INTRODUCTION

- 1.1 The articles contained in the Model Articles apart from Articles 5 (Directors may delegate), 6 (Committees), 7 (Directors to take decisions collectively), 8 (Unanimous decisions), 10(1) and (2) (Participation in directors' meetings), 11(2) and (3) (Quorum for directors' meeting), 12 (Chairing of directors' meetings), 13 (Casting vote), 14 (Conflicts of interest), 17 (Methods of appointing directors), 19 (Directors Remuneration), 21 (All shares to be fully paid up), 22 (Powers to issue different classes of shares), 26(5) (Share transfers), 41 (Adjournment), 42 (Voting), 44(4) (Poll Votes), 49(3) and (4) (Company Seal), 50 (No right to inspect accounts and other records), 52 (Indemnity) and 53 (Insurance) shall apply to the Company except insofar as they 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.

2. DEFINITIONS

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

<b>"AA Ordinary Shares"</b>	the AA ordinary shares of £0.000001 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles and <b>"AA Ordinary Share"</b> shall be construed accordingly;
<b>"A Ordinary Shares"</b>	the A ordinary shares of £0.001 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles and <b>"A Ordinary Share"</b> shall be construed accordingly;
<b>"A Ordinary Shareholders"</b>	the holders for the time being of the issued A Ordinary Shares and <b>"A Ordinary Shareholder"</b> shall be construed accordingly;
<b>"Acceptance Period"</b>	the period during which an offer made under Article 11.7 is open for acceptance;
<b>"Adoption Date"</b>	the date of adoption of these Articles;

<b>“Available Profits”</b>	profits available for distribution within the meaning of part 23 of the CA 2006;
<b>“Auditors”</b>	the auditors for the time being of the Company or such other firm of chartered accountants appointed in accordance with Article 11.4;
<b>“Beneficial Owner”</b>	as defined in Article 10.3;
<b>“Board”</b>	means the board of Directors of the Company;
<b>“B Ordinary Shares”</b>	the B ordinary shares of £0.001 each in the capital of the Company issued upon the exercise of Employee Options and having the rights ascribed thereto as set out in these Articles and <b>“B Ordinary Share”</b> shall be construed accordingly;
<b>“B Ordinary Shareholders”</b>	the holders for the time being of the issued B Ordinary Shares and <b>“B Ordinary Shareholder”</b> shall be construed accordingly;
<b>“Business Day”</b>	means a day (other than a Saturday or Sunday or bank holiday) on which the clearing banks in the city of London are open for business;
<b>“CA 2006”</b>	the Companies Act 2006 and every statutory modification or re-enactment thereof for the time being in force;
<b>“Chairman”</b>	such person as is appointed by the Investor as a director and chairman of the Company pursuant to Article 21.1;
<b>“company”</b>	includes any body corporate;
<b>“Company”</b>	means Fourth Wall Creative Limited, a private limited company incorporated in England with the registered number 11641917;
<b>“Conflict Situation”</b>	means any situation or matter (other than one which cannot reasonably be regarded as likely to give rise to a conflict of interest) in which any director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company including (without limitation) any such situation or matter which relates to the exploitation of any property, information or opportunity (irrespective of whether the Company could take advantage of the property, information or opportunity);
<b>“Connected”</b>	as defined by Section 1122 of the Corporation Tax Act 2010; provided however that any determination of fact as to whether two or more persons are acting together shall, in the absence of any ruling by HM Revenue & Customs, be made by the out of house tax advisers appointed by the Investors acting as experts and not as arbitrators and whose certificate

or certificates from time to time shall be final and binding on the Company and all shareholders;

<b>“Deed of Adherence”</b>	a deed of adherence to the terms of the Investment Agreement in the form required thereunder or in the absence thereof in such form as may be reasonably approved by the Company;
<b>“the Directors”</b>	the directors for the time being of the Company or (as the context shall require) any of them (each a <b>“Director”</b> ) acting as the Board of the Company;
<b>“the Drag Along Price”</b>	as defined in Article 16.1;
<b>“the Drag Along Right”</b>	as defined in Article 16.1;
<b>“Eligible Shareholders”</b>	as defined in Article 15.1.1;
<b>“Employee”</b>	<p>an individual (other than an Investor Director) who:</p> <ul style="list-style-type: none"><li>(i) is employed by; and/or</li><li>(ii) is a director of,</li></ul> <p>the Company or any Member of the same Group of the Company;</p>
<b>“Employee Bad Leaver”</b>	means any person (other than a Founder) who ceases to be an Employee at any time and who is not an Employee Good Leaver or a Very Bad Leaver.
<b>“Employee Good Leaver”</b>	<p>means any person (other than a Founder) who:</p> <ul style="list-style-type: none"><li>(a) ceases to be an Employee at any time by reason of:<ul style="list-style-type: none"><li>(i) death; or</li><li>(ii) permanent incapacity or disability or serious illness (not caused by illegal drug or alcohol dependence) which in the opinion of the Board is sufficiently serious to prevent him from carrying out normal duties in accordance with his contract of employment;</li><li>(iii) retirement on or beyond the age of 65 years old;</li></ul></li><li>(b) ceases to be an Employee at any time and who the Board (acting with the consent of the Investor Director, or if none is appointed, the written consent of an Investor Majority) determine in their absolute discretion, to be an Employee Good Leaver.</li></ul>

<b>“Employee Member”</b>	any Employee who is a Member by virtue of their holding of B Ordinary Shares or Ordinary Shares;
<b>“Employee Options”</b>	options granted over B Ordinary Shares conferring in aggregate no more than 10.97% of the Company’s economic and voting rights to the Company’s employees from time to time under an employee share option scheme approved by the Company;
<b>“Employee Trust”</b>	a trust approved by the Board with the approval of the Investor Director and whose beneficiaries are bona fide employees of the Company;
<b>“Equity Shareholders”</b>	the holders for the time being of issued Equity Shares and <b>“Equity Shareholder”</b> shall be construed accordingly;
<b>“Equity Shares”</b>	the AA Ordinary Shares, the A Ordinary Shares, the B Ordinary Shares and the Ordinary Shares in issue from time to time, and which expression shall not, for the avoidance of doubt, include the PP Ordinary Shares or the Preference Shares;
<b>“equity share capital”</b>	shall have the meaning set out in sections 548 of the CA 2006;
<b>“Excess Shares”</b>	as defined in Article 11.9.1;
<b>“Excluded Person”</b>	<ul style="list-style-type: none"> <li>(i) any Member (or other person entitled to a Share in the manner set out in Article 12.1) whom the Directors are entitled under Article 10.5, Article 12.1 or Article 14 to require to give a Transfer Notice (but only throughout such time as the Directors are entitled to require him to give a Transfer Notice);</li> <li>(ii) any Member or other person who has been required to give a Transfer Notice under Article 10.5, Article 12.1 or Article 14 (whether or not that requirement has been complied with);</li> </ul>
<b>“Exit”</b>	means a Sale, Listing or disposal by the Investors of all of their Equity Shares, Preference Shares and PP Ordinary Shares;
<b>“Family Member”</b>	in relation to any person or deceased person, such person’s spouse or civil partner and parents and every child and remoter descendant of such person (including stepchildren and adopted children);
<b>“Family Trusts”</b>	in relation to any person or deceased person means trusts under which no immediate beneficial interest in any of the Equity Shares in question is for the time being vested in any person other than that person and/or a Family Member of that person. For these purposes a person shall be deemed to be beneficially interested in an Equity Share if that Share or the income derived from it is or may become liable to be

	transferred or paid or applied or appointed to or for the benefit of that person;
<b>“Financial Year”</b>	means the period commencing on 1 October and ending on the following 30 September;
<b>“FMV”</b>	means fair market value as agreed between the Employee Member and the Directors (acting with the consent of the Investor Director not to be unreasonably withheld or delayed) or as determined in accordance with Article 11.5;
<b>“Founder Bad Leaver”</b>	means any Founder who ceases to be an Employee at any time and who is not a Founder Good Leaver or a Very Bad Leaver;
<b>“Founder Director”</b>	has the meaning given in Article 21.8;
<b>“Founder Good Leaver”</b>	means any Founder who: <ul style="list-style-type: none"> <li>(a) ceases to be an Employee at any time by reason of: <ul style="list-style-type: none"> <li>(i) death; or</li> <li>(ii) permanent incapacity or disability or serious illness (not caused by illegal drug or alcohol dependence) which in the opinion of the Board is sufficiently serious to prevent him from carrying out normal duties in accordance with his contract of employment;</li> <li>(iii) retirement on or beyond the age of 65 years old;</li> <li>(iv) redundancy, or unfair dismissal where determined by an Employment Tribunal and there is no right of appeal;</li> </ul> </li> <li>(b) ceases to be an Employee at any time and who the Board (acting with the consent of the Investor Director, or if none is appointed, the written consent of an Investor Majority) determine in their absolute discretion, to be a Founder Good Leaver.</li> </ul>
<b>“Founders”</b>	shall have the meaning given in the Investment Agreement and <b>“Founder”</b> shall be construed accordingly;
<b>“Group”</b>	the Company and its subsidiaries from time to time and <b>“Group Company”</b> shall be construed accordingly;
<b>“Insolvency Event”</b>	any of the following in relation to the Company: <ul style="list-style-type: none"> <li>(a) the presentation at court by any competent person of a petition for the winding up of the Company and which has not been withdrawn or dismissed within 7 days of such presentation; or</li> </ul>

- (b) the issue at court by any competent person of a notice of intention to appoint an administrator to the Company;
- (c) any step is taken by any person to appoint a receiver, administrative receiver or manager in respect of the whole or a substantial part of the assets or undertaking of the Company; or
- (d) the Company entering into a composition or arrangement with all or a majority of its creditors (other than for the purpose of a solvent re-organisation); or
- (e) any charger taking any step to enforcing any charge created over the Company or its assets (other than by the appointment of a receiver, administrative receiver or manager);

<b>“Investment Agreement”</b>	the investment agreement between (1) the Investors (2) the Founders and (3) the Company entered into on or around the Original Adoption Date;
<b>“Investor Director”</b>	such person as is appointed by the Investor as a director of the Company pursuant to Article 21.1;
<b>“Investor Group”</b>	means in relation to any corporate Investor, that Investor and its Associated Companies (as defined in section 256 of the CA 2006) from time to time;
<b>“Investor Majority”</b>	person or persons together holding in aggregate more than 50% of the A Ordinary Shares for the time being in issue;
<b>“Investors”</b>	shall have the meaning given in the Investment Agreement and <b>“Investor”</b> shall be construed accordingly;
<b>“Issue Price”</b>	the aggregate price paid for the relevant Shares whether by purchase or subscription and including any premium paid on subscription and in the case of the holders of the Ordinary Shares shall mean £0.65 for the purpose of these Articles;
<b>“ITEPA”</b>	means Income Tax (Earnings and Pensions) Act 2003;
<b>“Listed or Listing”</b>	the admission of all or any of the equity share capital of the Company to trading on: <ul style="list-style-type: none"> <li>(i) the main market of the London Stock Exchange plc; or</li> <li>(ii) the Alternative Investment Market of the London Stock Exchange plc; or</li> <li>(iii) any other recognised investment exchange (as defined by Section 285, Financial Services and markets Act 2000) (as amended) as approved by the Investor and such admission becoming effective in accordance with the rules of the relevant investment exchange;</li> </ul>



<b>“Loan Notes”</b>	the loan notes in the Company issued to the Investors pursuant to the terms of the loan note instrument entered into by the Company on 17 April 2019;
<b>“Mandatory Transfer Date”</b>	in respect of an Employee Member, the earlier of the date of cessation of employment or directorship (where this occurs after the Adoption Date) save where the change of directorship is pursuant to Article 21.8;
<b>“Member”</b>	a holder of Equity Shares;
<b>“a Member of the same Group”</b>	as regards any company, a company which is for the time being a holding company or a subsidiary of that company or of any such holding company;
<b>“Model Articles”</b>	the model articles for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229);
<b>“NED Bad Leaver”</b>	means a non-executive Founder Director who ceases to be a Director as a result of his non-executive director appointment letter being terminated without notice for gross misconduct in circumstances where he is not a Very Bad Leaver;
<b>“NED Good Leaver”</b>	means a non-executive Founder Director who ceases to be a Director and is not a NED Bad Leaver or a Very Bad Leaver;
<b>“Offer”</b>	<p>either:</p> <ul style="list-style-type: none"> <li>(i) an offer to purchase all the Equity Shares other than those already held by the Offeror and/or any persons acting in concert with him (as defined in the City Code on Take-overs and Mergers); or</li> <li>(ii) the entering into of one or more agreements which will result in any persons who are acting in concert (as defined above) acquiring all the Equity Shares, which agreements are unconditional or subject only to conditions in the sole control of any or all of the persons who are acting in concert;</li> </ul> <p>in each case being an offer or agreement, which is approved by the Investor as being an offer or an agreement to which Articles 15 and 16 do not apply;</p>
<b>“the Offeror”</b>	as defined in Article 16.1;
<b>“Ordinary Shares”</b>	the ordinary shares of £1.00 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles and <b>“Ordinary Share”</b> shall be construed accordingly;

<b>“Ordinary Shareholders”</b>	the holders for the time being of the issued Ordinary Shares and <b>“Ordinary Shareholder”</b> shall be construed accordingly;
<b>“Original Adoption Date”</b>	17 April 2019;
<b>“PP Amount”</b>	as defined in Article 4.2.1(a)(ii);
<b>“PP Dividend”</b>	as defined in Article 4.1.4;
<b>“PP Ordinary Shares”</b>	the PP ordinary shares of £1.00 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles and <b>“PP Ordinary Share”</b> shall be construed accordingly;
<b>“PP Ordinary Shareholders”</b>	the holders for the time being of the issued PP Ordinary Shares and <b>“PP Ordinary Shareholder”</b> shall be construed accordingly;
<b>“Preference Amount”</b>	as defined in Article 4.2.1(a)(i);
<b>“Preference Shares”</b>	the preferred ordinary shares of £1.00 each in the capital of the Company and having the rights ascribed thereto as set out in these Articles and <b>“Preference Share”</b> shall be construed accordingly;
<b>“Preference Shareholders”</b>	the holders for the time being of the issued Preference Shares and <b>“Preference Shareholder”</b> shall be construed accordingly;
<b>“the Prescribed Price”</b>	the price per Sale Share agreed or determined pursuant to Article 11.4 or determined pursuant to Article 11.5 or specified in Article 12.6 or Article 12.7;
<b>“Privileged Relation”</b>	in relation to a Member who is an individual member or deceased or former member means a spouse, Civil Partner, child or grandchild (including step or adopted child and their issue);
<b>“Proposing Transferee”</b>	as defined in Article 15.1.1;
<b>“Proposing Transferor”</b>	a Member proposing to transfer or dispose of Equity Shares or any interest therein;
<b>“Purchase of Own Shares Option”</b>	has the meaning given in Article 11.8.2(a);
<b>“Purchaser”</b>	a Member willing to purchase Equity Shares comprised in a Transfer Notice;
<b>“Quarter Dates”</b>	means 31 March, 30 June, 30 September and 31 December in each calendar year;
<b>“Relevant Interest”</b>	as defined in Article 15.3.1;

<b>“the Relevant Transaction”</b>	as defined in Article 15.1;
<b>“Sale”</b>	completion of the transaction(s) by which an Offer has arisen;
<b>“Sale Proceeds”</b>	means the total sum payable to the holders of Shares on a Sale;
<b>“the Sale Shares”</b>	all Equity Shares comprised in a Transfer Notice;
<b>“Second Adoption Date”</b>	29 November 2021;
<b>“Sale Value”</b>	has the meaning given in Article 15.5;
<b>“Shares”</b>	means issued shares in the capital of the Company;
<b>“Specified Price”</b>	has the meaning given in Article 15.5;
<b>“Subsidiary” and “holding company”</b>	shall have the meanings set out in Sections 1159 to 1162 of the CA 2006;
<b>“Supplemental Investment Agreement”</b>	the supplemental investment agreement between (1) the Investors, (2) the Founders, (3) Richard Styles and (4) the Company entered into on or around the Second Adoption Date;
<b>“Tag Notice”</b>	a written notice served by a Member of the Company in accordance with Article 15.1 and Article 15.2;
<b>“Tax Act”</b>	the Income Tax Act 2007, as amended;
<b>“Transfer Notice”</b>	a written notice served by a Member on the Company, in accordance with Article 11 or deemed to have been served pursuant to Article 13;
<b>“Transferee Company”</b>	a company for the time being holding shares in consequence of a transfer or series of transfers of shares between Members of the same Group (the relevant Transferor Company in the case of a series of transfers being the first transferor in that series);
<b>“Transferor Company”</b>	a company (other than a company which is also a Transferee Company in respect of the same shares) which has transferred shares to a Member of the same Group;
<b>“VCT Legislation”</b>	section 450 of the Corporation Tax Act 2010 and Part 6 of the Tax Act; and
<b>“Very Bad Leaver”</b>	means an Employee Member or Director who ceases to be employed or appointed as a result of being convicted of fraud.

### 3. **SHARE CAPITAL**

3.1 The issued share capital of the Company at the Adoption Date shall comprise Preference Shares, PP Ordinary Shares, A Ordinary Shares, B Ordinary Shares and Ordinary Shares.

3.2 In these Articles, unless the context requires otherwise, references to Equity Shares shall include shares of those respective classes created and/or issued after the Adoption Date.

### 4. **SHARE RIGHTS**

The Equity Shares, Preference Shares and PP Ordinary Shares shall have, and be subject to, the following rights and restrictions:

#### 4.1 **Income**

4.1.1 The Company's Available Profits will be applied as set out in this Article 4.1.

4.1.2 In respect of each Financial Year ending following the third anniversary of the Original Adoption Date and commencing on such third anniversary, the Company will, before application of any Available Profits to reserve or for any other purpose, pay in respect of each Preference Share, a fixed non-cumulative cash preferential dividend (at the annual rate of 8% per annum of the Issue Price per Preference Share, being £1 per Preference Share) to the person registered as its holder ("**Preference Dividend**") which shall be payable as set out in Article 4.1.3.

4.1.3 The Preference Dividend shall be paid in cash on each of the Quarter Dates commencing from the first Quarter Date to occur following the third anniversary of the Original Adoption Date and after the accounts are approved by the Board (which will be for the previous year) and thereafter on each relevant Quarter Date. For the avoidance of doubt, the first accounts considered will be for the Financial Year ended 30 September 2021.

4.1.4 In respect of each Financial Year ending following the second anniversary of the Second Adoption Date and commencing on such second anniversary, the Company will, before application of any Available Profits to reserve or for any other purpose, pay in respect of each PP Ordinary Share, a fixed non-cumulative cash preferential dividend (at the annual rate of 8% per annum of the Issue Price per PP Ordinary Share, being £1 per PP Ordinary Share) to the person registered as its holder ("**PP Dividend**") which shall be payable as set out in Article 4.1.5.

4.1.5 The PP Dividend shall be paid in cash on each of the Quarter Dates commencing from the first Quarter Date to occur following the second anniversary of the Second Adoption Date and after the accounts are approved by the Board (which will be for the previous year) and thereafter on each relevant Quarter Date. For the avoidance of doubt, the first accounts considered will be for the Financial Year ending 30 September 2023.

4.1.6 In the event that there are insufficient Available Profits in any Financial Year to pay the full amount of the Preference Dividend and the PP Dividend, the Preference Dividend and the PP Dividend will be paid pro rata and pari passu in such part as will utilise all Available Profits for the relevant Financial Year.

- 4.1.7 Other than in respect of the Preference Dividend and the PP Dividend, the distribution of any profits of the Company shall require the prior approval of the Investor Director.
- 4.1.8 Subject to Articles 4.1.7, 4.1.9 and 4.1.10, the profits of the Company after the payment of the Preference Dividend and the PP Dividend, which the Company may so resolve to distribute, shall be distributed amongst the holders of Equity Shares *pari passu* (as if the Equity Shares constituted one class of shares) in proportion to the number of Equity Shares held.
- 4.1.9 In order to comply with the VCT Legislation no single company which is a holder of Shares shall (together with any Connected person) be entitled to receive, if the whole of the income of the Company were in fact distributed among its participators (without regard to any rights which any holder has as a loan creditor or by reason of that holder's possession of, or entitlement to acquire relevant fixed-rate preference shares), more than 50% of the amount so distributed. For these purposes, the expression "participator" and "loan creditor" shall bear the meanings respectively give to them by Section 253 of the Tax Act and the expression "relevant fixed rate preference shares" shall bear the meaning given by Chapter 4, Part 6 of the Tax Act.
- 4.1.10 The maximum sum which the holders of the B Ordinary Shares as a class shall be entitled to receive shall be in aggregate 10.97% of any sum distributed pursuant to Article 4.1.8 and between the holders of the B Ordinary Shares such sum shall be distributed amongst the holders of the B Ordinary Shares *pari passu* in proportion to the number of B Ordinary Shares held.
- 4.1.11 Model Article 30 to Model Article 35 (inclusive) shall be subject to this Article 4.1 and, in the event of any inconsistency, the provisions of this Article 4.1 shall prevail.

## 4.2 **Proceeds of Sale**

- 4.2.1 On a Sale, after repayment of the Loan Notes, all Sale Proceeds shall be payable as follows:
  - (a) firstly, a sum equal to :
    - (i) 8% of the total Issue Price of the Preference Shares multiplied by the number of days that have elapsed from the Original Adoption Date until the third anniversary of the Original Adoption Date, divided by 365, provided that the maximum number of days when calculating such sum shall be 1,095; and
    - any Preference Dividend which has become payable in accordance with Article 4.1.2 before the date of the Sale but has not been paid due to a lack of Available Profits (or where such Preference Dividend has only been partly paid, the amount of Preference Dividend that has not been paid),
    - shall be paid to the Preference Shareholders *pro rata* according to the number of Preference Shares held by them, plus a sum equal to £1 for each Preference Share held,
    - (together, the "**Preference Amount**");
    - and

(ii) 8% of the total Issue Price of the PP Ordinary Shares multiplied by the number of days that have elapsed from the Second Adoption Date until the second anniversary of the Second Adoption Date, divided by 365, provided that the maximum number of days when calculating such sum shall be 730; and

any PP Dividend which has become payable in accordance with Article 4.1.4 before the date of the Sale but has not been paid due to a lack of Available Profits (or where such PP Dividend has only been partly paid, the amount of PP Dividend that has not been paid),

shall be paid to the PP Ordinary Shareholders pro rata according to the number of PP Ordinary Shares held by them, plus a sum equal to:

4 x Issue Price for each PP Ordinary Share held, where the Sale Proceeds are less than £37,500,000;

3.5 x Issue Price for each PP Ordinary Share held, where the Sale Proceeds are greater than or equal to £37,500,000 but less than £50,000,000; or

3 x Issue Price for each PP Ordinary Share held, where the Sale Proceeds are greater than or equal to £50,000,000,

(together, the “PP Amount”)

and if there are insufficient Sale Proceeds to pay the Preference Amount and the PP Amount in full, the total amount which is available for distribution under this Article 4.2.1(a) shall be paid to the Preference Shareholders and the PP Ordinary Shareholders pro rata based on the total amounts which would otherwise be payable to them under this Article 4.2.1(a); and

- (b) secondly, subject to Article 4.2.2, after payment of the Preference Amount and the PP Amount, the balance of all Sale Proceeds remaining shall be distributed amongst the holders of the Equity Shares (as if they were one and the same class) according to the number of Equity Shares held.

- 4.2.2 The maximum sum of Sale Proceeds which the holders of the B Ordinary Shares as a class shall be entitled to receive shall be in aggregate 10.97% of any sum distributed pursuant to Article 4.2.1(b) and between the holders of the B Ordinary Shares such sum shall be distributed amongst the holders of the B Ordinary Shares pari passu in proportion to the number of B Ordinary Shares held.

#### 4.3 **Return of Capital**

- 4.3.1 Subject to Article 4.3.2 and 4.3.3 on a return of assets on a liquidation or capital reduction or similar, the assets of the Company remaining after payment of its liabilities shall be shared amongst the holders of Equity Shares, Preference Shares and PP Ordinary Shares pari passu as if all such classes constituted one and the same class of share and in proportion to the number of Shares held, save that the entitlement of the holders of the Preference Shares and the holders of the PP Ordinary Shares shall be limited in each case to a sum equal to the Issue Price of each Preference Share and/or PP Ordinary Share held.

- 4.3.2 In order to comply with the VCT Legislation no single company which is a holder of Equity Shares shall (together with any Connected person) be entitled (otherwise than by reason of that holder's possession of, or entitlement to acquire relevant fixed-rate preference shares) on a return of assets on a liquidation or capital reduction or otherwise to receive more than 50% of the capital available for payment to all members. For those purposes the expression "relevant fixed-rate preference shares" shall bear the meaning given by Chapter 4, Part 6 of the Tax Act.
- 4.3.3 The maximum sum which the holders of the B Ordinary Shares as a class shall be entitled to receive shall be in aggregate 10.97% of any sum distributed to Equity Shareholders pursuant to Article 4.3.1 and between the holders of the B Ordinary Shares such sum shall be distributed amongst the holders of the B Ordinary Shares *pari passu* in proportion to the number of B Ordinary Shares held.
- 4.3.4 Any sum which is unable to be paid due to the limitations in this Article 4 shall instead be distributed to all other shareholders *pro-rata* to their holdings as if they constituted one and the same class of Share.

#### 4.4 **Voting**

Subject to the provisions of Article 12.11:

- 4.4.1 on a show of hands every holder of Equity Shares who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote;
- 4.4.2 on a poll every holder of Equity Shares who is present in person or by a proxy or (being a corporation) by a representative shall have one vote for every Equity Share of which he is the holder;
- 4.4.3 notwithstanding the foregoing in order to comply with the VCT Legislation no single company which is a holder of Equity Shares shall (together with any Connected person) be entitled to exercise more than 50% of the voting rights attaching to the equity share capital of the Company;
- 4.4.4 notwithstanding the foregoing, the holders of the B Ordinary Shares in aggregate shall not be entitled to exercise more than 10.97% of the voting rights attaching to the equity share capital of the Company; and
- 4.4.5 the Preference Shares and the PP Ordinary Shares shall not carry any voting rights.

#### 5. **ISSUE OF NEW SHARES: PRE-EMPTION**

- 5.1 Subject to Articles 5.3 and 6.3, the following pre-emption process shall apply before any new Equity Shares are issued:
- 5.1.1 Any new Equity Shares from time to time created shall before they are issued to any third party be offered to the holders of Equity Shares (*pro-rata* and in proportion to the number of Shares held, and for the purpose of this Article 5.1.1 as if they were one and the same class of Share) save that under this pre-emption process, each Shareholder will only ever be offered the class of Equity Share which they currently hold ("**Pre-Emption Offer**"). By way of illustrated example, if a Shareholder holds Ordinary Shares, they will be offered to subscribe for further Ordinary Shares.
- 5.1.2 The Pre-Emption Offer shall be made by notice in writing specifying:

- (a) the number and class of shares offered ("**Relevant Securities**");
- (b) the price per share (which shall be the same price per share), and

stating a time (not being less than thirty days or greater than forty-two days) within which the offer, if not accepted, will be deemed to be declined and stipulate that any offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which he is entitled under Article 5.1 shall, in his acceptance, state the number of excess Relevant Securities ("**Excess Securities**") for which he wishes to subscribe.

- 5.1.3 Any Relevant Securities not accepted by offerees pursuant to an offer made in accordance with Article 5.1.1 and Article 5.1.2 shall be used to satisfy any requests for Excess Securities. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Equity Shares held by each such applicant bears to the total number of Equity Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Equity Shareholder beyond that applied for by him).

- 5.2 The provisions of Article 5.1 shall not apply to the issue of Shares pursuant to the exercise of Employee Options, the issue of Shares on or about the Original Adoption Date pursuant to the Investment Agreement or the issue of Shares on or about the Second Adoption Date pursuant to the Supplemental Investment Agreement and may in any event be disapplied in relation to any class of shares by special resolution (subject to Article 6.3.9).

### 5.3 **Emergency Fundraising**

- 5.3.1 If any of the events occur as set out in Article 23.1.3 or if in the reasonable opinion of the Board (acting with the consent of the Investor Director), the Company resolves that it needs to raise emergency funds by way of subscription for Equity Shares (having regard to the financial position of the Group for the next three months) ("**Emergency Funding Requirement**"), the provisions of this Article 5.3 shall apply unless a special resolution has been passed to the contrary.
- 5.3.2 Where the Board has resolved that there is an Emergency Funding Requirement in accordance with Article 5.3.1, prior to allotting any shares to any person, the Company shall first make an offer to its Members in accordance with Article 5.1, save that the time period in Article 5.1 of thirty days shall be replaced with ten days, and the Investors may be offered AA Ordinary Shares instead of A Ordinary Shares (if resolved by the Investors) and if Members do not accept the offer and take up their pro-rata share within ten days, the issue of Equity Shares to the Members who have accepted shall proceed regardless ("**Emergency Funding Shares**") ("**Initial Emergency Funding Round**").
- 5.3.3 Following the completion of the Initial Emergency Funding Round, all Members who did not take up their pro-rata entitlement to the Emergency Funding Shares pursuant to Article 5.3.2 shall have the right to subscribe for such number of Equity Shares that would maintain their percentage shareholding in the Company at the level it was immediately prior to the issue of the Emergency Shares and shall be entitled to a further twenty-one days (or such longer period agreed by the Board with the consent of the Investor Director) in which to complete such subscription following the close of the Initial Emergency Funding Round ("**Emergency Funding Catch-up Right**").



- 5.3.4 Where some but not all shareholders participate in the Initial Emergency Funding Round (**“Emergency Funding Round Participants”**) and some shareholders who do not participate in the Initial Emergency Funding Round exercise their Emergency Funding Catch-up Right under Article 5.3.3, all Emergency Funding Round Participants will have the right to subscribe for such additional number of Equity Shares that would maintain their percentage shareholding in the Company at the level it was immediately prior to the issue of the Emergency Funding Shares and shall be entitled to a further twenty-one days (or such longer period agreed by the Board with the consent of the Investor Director) in which to complete such subscription from the close of the last subscription pursuant to the Emergency Funding Catch-up Right. For the avoidance of doubt, the valuation of such shares shall be the same as those offered as part of the Initial Emergency Funding Round.
- 5.3.5 It is a principle of these Articles that unless a special resolution is passed to the contrary, no shareholder shall be diluted by the operation of an Initial Emergency Funding Round without having had the opportunity to avoid such dilution whether by participating in the Initial Emergency Funding Round itself, exercising their Emergency Funding Catch-up Right or exercising their further catch-up right pursuant to Article 5.3.4 provided that such subscription rights are exercised within the requisite timeframes.
- 5.4 Subject to this Article 5.4 and Articles 5.1, 5.2 and 5.3, for the purposes of sections 549 and 551 of the CA 2006, the shares in the capital of the Company shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think proper, provided that:
- 5.4.1 no shares shall be issued at a discount to their nominal value;
- 5.4.2 the allotment or grant to that person must be approved in writing by the Investor Director (save in the circumstances set out in Article 5.3.1) and the allotment of shares under this Article 5.4 shall only take place after the Investors have had a meaningful consultation with each of the Founder Directors where the bona fide purpose and use of funds is for the implementation of the Group’s Business Plan (as defined in the Investment Agreement) and not for the purpose of diluting the Founders;
- 5.4.3 no shares to which Article 5.1 applies shall be issued more than three months after the expiry of the period for acceptance of the last offer of such shares made under Article 5.1 unless the procedure set out in Article 5.1 is repeated in respect of such shares (and so that the time limit set out in this Article 5.4.3 shall apply equally to any repetition of that procedure);
- 5.4.4 no shares shall be issued at a price less than that at which they were offered to the Members in accordance with Article 5.1 and if the Directors are proposing to issue such shares wholly or partly for a non-cash consideration the cash equivalent of such consideration for the purposes of this sub-paragraph shall be as reasonably determined by the Auditors who shall act as experts and not as arbitrators and whose determination shall be final and binding on the Company and each of its members. For the avoidance of doubt this Article 5.4.4 shall not apply to the issue of any Shares pursuant to the exercise of Employee Options, the issue of Shares on or about the Original Adoption Date pursuant to the Investment Agreement or the issue of Shares on or about the Second Adoption Date pursuant to the Supplemental Investment Agreement;

- 5.4.5 no Equity Shares shall be allotted to any person who is not already a party to the Investment Agreement unless that person has first executed and delivered to the Company a Deed of Adherence or unless it is otherwise agreed by the Board and the Investor Majority that a Deed of Adherence is not required;
- 5.4.6 no Shares shall be allotted to any employee, director, prospective employee or prospective director unless such person has entered into a joint section 431 ITEPA election with the Company or unless this requirement is waived by the Board acting with the consent of the Investor Director.
- 5.5 The provisions of Section 561(1) and 562(1) to (6) inclusive and 568(3) CA 2006 shall not apply to the allotment of equity securities made by the Company.
- 5.6 Any Investor shall be entitled to offer any right (in whole or in part) under this Article 5 to subscribe for Shares to any venture capital trust, venture capitalist, investment trust, investment company, limited partnership, EIS fund (approved or unapproved) or other such like entity advised or managed by the same investment adviser/manager as the relevant Investor or any company in which one or more of the Investors holds 49% or more of the voting share capital.
- 6. **VARIATION OF CLASS RIGHTS**
- 6.1 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up:
  - 6.1.1 in the case of the A Ordinary Shareholders, with the consent in writing of the Investor Director appointed or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the A Ordinary Shares;
  - 6.1.2 in the case of the Preference Shareholders, with the consent in writing of the Investor Director appointed or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the Preference Shares;
  - 6.1.3 in the case of the PP Ordinary Shareholders, with the consent in writing of the Investor Director appointed or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the PP Ordinary Shares; and
  - 6.1.4 in the case of any class of Equity Shares other than the A Ordinary Shares, with the sanction of an ordinary resolution passed at a separate meeting of the holders of the applicable class of Equity Shares.
- 6.2 To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall apply (*mutatis mutandis*) except that:
  - 6.2.1 the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class, but so that at any adjourned meeting of such holders at which such a quorum is not present the holder or holders present shall be a quorum; and
  - 6.2.2 the holders of shares of the class in question shall on a poll have one vote in respect of every share of the class held by them respectively

- 6.3 Without prejudice to the generality of this Article, it is a term of issue of the A Ordinary Shares, the Preference Shares and the PP Ordinary Shares that the following events shall be deemed to be an attempted variation of the rights attaching to such shares and shall therefore require class consent in accordance with Article 6.1:
- 6.3.1 any alteration or variation of any of the rights attached to any of the shares for the time being in the capital of the Company;
  - 6.3.2 any resolution to wind-up the Company or any subsidiary of the Company;
  - 6.3.3 any increase in the issued capital of the Company, save for the Employee Options or pursuant to the Investment Agreement or Supplemental Investment Agreement;
  - 6.3.4 any reduction (other than pursuant to a Purchase of Own Shares Option) or sub-division or consolidation of the issued share capital of the Company;
  - 6.3.5 the grant by the Company of a right to subscribe for or to convert securities into shares in the capital of the Company, save for the Employee Options or pursuant to the Investment Agreement or Supplemental Investment Agreement;
  - 6.3.6 the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company;
  - 6.3.7 the redemption of any of the Company's shares or the entering into of a contract by the Company to purchase any of its shares other than pursuant to a Purchase of Own Shares Option;
  - 6.3.8 any alteration of the Company's memorandum or articles of association;
  - 6.3.9 the passing of any special resolution pursuant to Article 5.2;
  - 6.3.10 the calling of a meeting of the Company to effect or approve any matter which would by virtue of this Article 6 be a variation of such class rights;
  - 6.3.11 registration as a public company;
  - 6.3.12 the subscription for or other acquisition of shares in any company, the acquisition of all or substantially all of the assets of any other company or of any unincorporated business, the disposal of any share in any other company, the disposal of the Company's undertaking and assets or any substantial part thereof or the making of any capital investment in any partnership or the disposal of any such interest; or
  - 6.3.13 any act or transaction committed or proposed to be committed by a Director within the terms of Article 22.

## **7. LIEN**

- 7.1 The Company shall have a first and paramount lien on every share, which is not fully paid, for all and any indebtedness of any holder thereof to the Company (whether a sole holder or one of two or more joint holders) in respect of the shares concerned.
- 7.2 The Company's lien over a share takes priority over any third party's interest in that share and 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.

- 7.3 The Directors (with the consent of the Investor Director) may at any time decide that a Share, which is or would otherwise be subject to the Company's lien, will not be subject to it, either wholly or in part.

## **8. REGISTRATION OF TRANSFERS**

- 8.1 Subject to Article 8.2, the Directors shall be required to register promptly any transfer of Shares made in accordance with the provisions of these Articles, provided that in all cases where the transferee is not already a party to the Investment Agreement a Deed of Adherence duly executed by all relevant parties is laid before the meeting at which the transfer is to be approved (unless such requirement has been waived by the Board acting with the consent of the Investor Director), but shall not register any transfer of shares otherwise.

- 8.2 The Directors may refuse to register a transfer of a Share:

- 8.2.1 which is not fully paid up (as to nominal value or premium) and a transfer of a share on which the Company has a lien;
- 8.2.2 if it is in favour of more than four transferees;
- 8.2.3 unless it is lodged at the office or such other place as the Directors may determine and is accompanied by the certificate for the Shares to which it relates (or an indemnity for lost share certificate in a form reasonably acceptable to the Board) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

- 8.3 In addition, the Directors may refuse to register a transfer of a Share to a bankrupt, a minor or a person of unsound mind.

## **9. TRANSFERS PURSUANT TO OFFERS MADE UPON A CHANGE OF CONTROL OR PURSUANT TO A SPECIAL RESOLUTION**

- 9.1 Subject to the provisions of Article 10, any Shares may at any time be transferred by any Member notwithstanding Article 11:
- 9.1.1 pursuant to acceptance of any offer made to that Member under the requirements of Article 15 (Tag Along);
  - 9.1.2 pursuant to Article 16 (Drag Along); or
  - 9.1.3 with the consent of the Shareholders by special resolution, which shall include an Investor Majority.

## **10. PERMITTED TRANSFERS**

- 10.1 Subject to the provisions of Article 8, any Share (other than any Equity Share in respect of which the holder shall have been required by the Directors under these Articles to give a Transfer Notice or shall be deemed to have given a Transfer Notice) may at any time but subject to the written consent of the Board and the Investor Director (such consent not to be unreasonably withheld in the case of transfers to Family Members or Family Trusts) be transferred notwithstanding Article 11:

- 10.1.1 by an individual Member (subject to the provisions of Article 12 in respect of Employee Members) to trustees to be held on Family Trusts of such a Member, or to

a Family Member of such Member, but provided that as part of the arrangements the voting rights of such shares shall remain exercisable only by the individual Member);

- 10.1.2 in the event of the death of any Member (subject to the provisions of Article 12 in respect of Employee Members) by his personal representative to trustees to be held on Family Trusts of such Member, or to a Family Member of such Member, but the voting rights of such shares shall be exercised by the Directors in proportion to the number of Shares held by them in relation to the aggregate number of Shares held by all of them (and for these purposes the Investor Director shall be deemed to hold the A Ordinary Shares);
  - 10.1.3 by any Member, being a company, to a Member of the same Group as such Member, save that the transferee can only hold the Shares for so long as it is a member of the same Group as the original Member and on the transferee ceasing to be a member of that Group the transferee will transfer the Shares back to the original Member.
- 10.2 Any Investor may transfer any Shares to another party who is (i) a venture capital trust, venture capitalist, investment trust, investment company, limited partnership, EIS Fund (approved or unapproved) or such like entity manager or advised by the same investment manager or adviser, (ii) an Investor or (iii) an acquirer of an Investor or (iv) the fund manager/adviser to an Investor or (v) a company in which one or more of the Investors holds 49% or more of the voting share capital of the company.
- 10.3 Any Shares held by a nominee for their beneficial owner ("**the Beneficial Owner**") may be transferred by the nominee to the Beneficial Owner or to another person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only. Any Shares may be transferred by the Beneficial Owner to a person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only. Where any person to whom any Shares have been transferred as a nominee ceases to hold such Shares as nominee for the Beneficial Owner only he shall forthwith transfer such Shares to the Beneficial Owner or to another person shown to the reasonable satisfaction of the Directors to be a nominee for the Beneficial Owner only and in default of doing so he shall be deemed to have given a Transfer Notice in respect of all such Shares.
- 10.4 Where Shares have been transferred to trustees under Article 10.1.1 or 10.1.2, on any change of trustees, the Relevant Shares (as defined below) may be transferred to the trustees for the time being of the trust concerned.
- 10.5 In the event that:
- 10.5.1 a Transferee Company holding Relevant Shares ceases to be a Member of the same Group as the Transferor Company from which (whether directly or by a series of transfers under Article 10.1.3) the Relevant Shares were derived; or
  - 10.5.2 any Relevant Shares held by trustees cease to be held on a Family Trust of the Member;

the Member holding the Shares shall notify the Directors in writing that such an event has occurred and such Member shall be bound to transfer the Shares back to the original Member.

For this purpose the expression "the Relevant Shares" means (so far as the same remain held by the trustees of a Family Trust or by any Transferee Company) the shares originally

transferred to the trustees or to the Transferee Company and any additional shares issued to such trustees or Transferee Company by way of a capitalisation or acquired by such trustees or Transferee Company in exercise of any right or option granted or arising by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred.

## **11. PRE-EMPTION RIGHTS - TRANSFER OF SHARES**

- 11.1 The right to transfer the Shares or any interest therein (including the beneficial interest) shall, subject to and without prejudice to the provisions of Article 9 (Change of Control or Pursuant to a Special Resolution under Article 9.1.3) and Article 10 (Permitted Transfers), be subject to the following restrictions, save that such restrictions shall not apply to any transfer of Shares pursuant to Article 9.1, Article 10, the acceptance of an offer made pursuant to Article 15 (Tag Along) or to the proposed sale pursuant to Article 16.1 of the Shares for the time being in issue where the Vendors (as defined in Article 16 (Drag Along)) comply with their obligations under Article 16.
- 11.2 Before transferring or disposing of any Shares (or any interest in Shares) the Proposing Transferor shall serve a notice on the Company specifying the number and class of Shares in question and the proposed price for such Shares, and in the Transfer Notice the Proposing Transferor shall nominate the Company as his agent for the sale of those Shares at the Prescribed Price, to any Member or Members. A Transfer Notice shall not be served without the consent of the Investor Director. Except as provided in this Article, a Transfer Notice once given or deemed to be given shall not be revocable except with the consent of the Directors (which shall include the consent of the Investor Director or, if none is appointed, an Investor Majority).
- 11.3 A Transfer Notice may comprise Shares of more than one class and shall, if the Proposing Transferor has received any offer to purchase Shares (whether or not an offer capable of becoming legally binding upon acceptance) within the period of three months prior to service of the Transfer Notice, give the name of the offeror, the number and class of Shares concerned and the price offered in respect of each such Equity Share. A Transfer Notice may not be given by an Excluded Person or an Employee Member unless required by the Directors under Article 10.5, or Article 16 or permitted by the Investor Director (or if none is appointed by an Investor Majority).
- 11.4 The Directors will endeavour to agree the Prescribed Price with the Proposing Transferor. If the Directors fail to agree the Prescribed Price with the Proposing Transferor within 14 days of receipt of the Transfer Notice by the Company or, as applicable, a Transfer Notice having been deemed to have been served, the Directors shall request the Auditors (or if they are unable or decline to act, an independent firm of chartered accountants appointed by the Directors or, in the event of disagreement appointed on the application of the Proposing Transferor or by the Directors by the President of the Institute of Chartered Accountants in England & Wales and the provisions relating to Auditors in this Article 11 shall apply to such independent firm of chartered accountants (acting as experts and not as arbitrators)) to certify the Prescribed Price.
- 11.5 The Auditors shall (acting as experts and not arbitrators) within 14 days of such a request certify to the Company the Prescribed Price, being the value of each Sale Share (or, where appropriate of each Sale Share of each class) calculated on the following basis:
- 11.5.1 by determining the sum which a willing purchaser would offer to a willing vendor for all the issued Shares;

- 11.5.2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - 11.5.3 that the Sale Shares are capable of being transferred without restriction;
  - 11.5.4 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 Shares which they represent;
  - 11.5.5 reflect any other factors which the Auditors reasonably believe should be taken into account provided that such factors shall not override the above assumptions and bases; and
  - 11.5.6 by dividing the resultant figure between the holders of Shares by applying the provisions of Article 4.2 as if that sum were the proceeds of a Sale.
- 11.6 The Auditors' certificate as to the Prescribed Price shall be final and binding, save in the event of manifest error.
- 11.7 Within 21 days following receipt of the Transfer Notice or (where relevant) the date on which the Transfer Notice is deemed to have been given or where the Prescribed Price is certified by the Auditors the date of certification of the Prescribed Price, the Company shall offer the Sale Shares to each Member (other than the Proposing Transferor and any Excluded Person) in accordance with the provisions of Articles 11.9 for purchase at the Prescribed Price. All offers shall be made by notice in writing and state a time (being between 30 and 42 days inclusive following the date of such notice) within which the offer must be accepted or, in default, will be deemed to have been declined ("**Acceptance Period**"). A copy of such offer shall at the same time be sent by the Company to the Proposing Transferor.
- 11.8 If the Sale Shares are:
- 11.8.1 A Ordinary Shares, the Company shall offer such Sale Shares:
    - (a) firstly, to the A Ordinary Shareholders, and in the case of each Investor's allocation it shall be entitled to nominate any other entity which is managed by the same fund manager or investment adviser as the Investor;
    - (b) secondly to the Ordinary Shareholders pari passu in proportion to the number of Ordinary Shares held; and
    - (c) thirdly to the B Ordinary Shareholders pari passu in proportion to the number of B Ordinary Shares held.
  - 11.8.2 B Ordinary Shares or Ordinary Shares (held by an Employee), the Company shall offer such Sale Shares:
    - (a) firstly, to the Company to buy back under chapter VII of Part V of the CA 2006 to the extent that it is lawfully able to do so ("**Purchase of Own Shares Option**");
    - (b) secondly, to either:

(i) an Employee Trust or such other trust as approved by the Board and the Investor Director to hold the Shares until an incoming employee or director joins the Company, and the Board resolves such Sale Shares shall be transferred to that person; or

(ii) an incoming or current employee or director where the Board and the Investor Director resolves that such Sale Shares shall be transferred to that person;

(c) thirdly, with the consent of an Investor Majority, to the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them respectively; and

(d) fourthly, to the holders of A Ordinary Shares in proportion to the number of A Ordinary Shares held by them.

11.9 The Sale Shares shall be offered on the following basis:

11.9.1 any Member to whom the Sale Shares are offered may accept all or some only of the Sale Shares offered to him, and shall be invited to indicate whether, if he accepts all such Sale Shares, he wishes to purchase any Sale Shares which other Members decline to accept ("**Excess Shares**") and, if so, the maximum number of Excess Shares which he wishes to purchase;

11.9.2 any Excess Shares shall be allocated between the Members who have indicated that they wish to purchase Excess Shares pro rata to the proportion of the total number of Shares held by those Members but so that no Member shall be required or entitled to receive more than the maximum number indicated by him pursuant to Article 11.9.1;

11.9.3 subject to the provisions of Article 11.7, the Purchasers shall be bound to purchase the Sale Shares properly allocated to them at the Prescribed Price in accordance with the provisions of this Article 11.

11.10 Not later than 7 days following the expiration of the Acceptance Period the Company shall give written notice to the Proposing Transferor stating:

11.10.1 if it is the case, that no Member has sought to purchase any of the Sale Shares; or, otherwise

11.10.2 the number of Sale Shares which Members have sought to purchase, giving the name and address of each Purchaser and the number of Sale Shares to be purchased by him.

11.11 If within the Acceptance Period, Purchasers have been found for only some of the Sale Shares or if no Purchaser has been found for any of the Sale Shares, the Proposing Transferor may within 7 days of service on him of notice under this Article revoke his Transfer Notice by written notice to the Company.

11.12 If the Proposing Transferor is given notice under Article 11.10 (and subject to his not revoking his Transfer Notice in accordance with Article 11.11) he shall be bound on payment of the Prescribed Price to transfer the Sale Shares in question to the respective Purchasers. The sales and purchases shall be completed at the registered office of the Company during normal



- business hours on the first Business Day after the expiry of 14 days following the date of service of notice by the Company under Article 11.10.
- 11.13 If a Proposing Transferor fails to transfer any Sale Shares to a Purchaser after becoming bound to do so, the Directors may authorise any person to execute on behalf of and as attorney for the Proposing Transferor any necessary instruments of transfer and shall register the Purchaser as the holder of the relevant Sale Shares following receipt of the purchase monies. The Company's receipt of the purchase money shall be a good discharge to the Purchaser and the Company shall thereafter hold the purchase money on trust for the Proposing Transferor. After the name of the Purchaser has been entered in the Register of Members in purported exercise of these powers, the validity of the proceedings shall not be questioned by any person.
- 11.14 If the Company fails before the end of the Acceptance Period to find a Purchaser or Purchasers for any of the Sale Shares, the Proposing Transferor may (subject to Articles 8 and 11.16) sell all or any of the Sale Shares to any third party/parties.
- 11.15 If before the end of the Acceptance Period the Company finds a Purchaser or Purchasers for some (but not all) of the Sale Shares and serves notice accordingly under Article 11.10 the Proposing Transferor may (subject to Articles 8 and 11.16) sell all or any of the Sale Shares for which no Purchaser has been found to any third party/parties unless he revokes his Transfer Notice pursuant to Article 11.10 in which case he may sell all (but not some only) of the Sale Shares to any third party/parties.
- 11.16 The right of the Proposing Transferor to sell Sale Shares pursuant to Article 11.14 or Article 11.15 shall be subject to the following restrictions:
- 11.16.1 Sale Shares may not be sold after the expiry of three months after the date on which notice is given by the Company under Article 11.10;
  - 11.16.2 Sale Shares must be sold on a bona fide sale at a price not less than the Prescribed Price and without any deduction, rebate or allowance whatsoever to the Purchaser;
  - 11.16.3 the provisions of Article 15 (if applicable); and
  - 11.16.4 no Shares may be transferred, or disposed of, pursuant to this Article 11.16 by any person who is an Excluded Person unless the Directors resolve to approve such transfer or disposal.
- 11.17 The costs of the Auditors shall be borne as the Investor Director may direct.
- 11.18 The restrictions imposed by this Article 11 may be waived in relation to any proposed transfer of Shares with the consent of all Members who, but for such proposed transfer, would or might have been entitled to have such shares offered to them in accordance with Articles 11.8 (as the context shall require).
- 11.19 For the purposes of Article 11.16.2 and calculating whether or not a price to be paid for the Sale Shares is more or less than the Prescribed Price, then the cash value of any non-cash consideration shall be that agreed between the Proposing Transferor and the Company, or if the Proposing Transferor and the Company fail to agree such cash value within 15 Business Days following the earlier of any request by the Proposing Transferor to so value any non-cash consideration and the submission to the Company of the relevant stock transfer form(s) relating to a transfer of the Sale Shares for non-cash consideration, the cash value shall be the amount certified as such as at the date of the earlier of the request for valuation and the

purported transfer of the Sale Shares at the request of the Directors, by the Auditors (acting as experts and not arbitrators). Their certificate shall be final and binding.

11.20 Any Investor shall be entitled to offer any right (in whole or in part) under this Article 11 to acquire Shares to any venture capital trust, venture capitalist, investment trust, investment company, limited partnership, EIS fund (approved or unapproved) or other such like entity advised or managed by the same investment adviser/manager to the relevant Investor or to any company in which one or more of the Investors holds 49% or more of the voting share capital.

11.21 If the Directors wish to take up the Purchase of Own Shares Option, the Directors shall proceed to convene as soon as practicable a general meeting or circulate a written resolution to approve the purchase of the Shares in question on the terms specified in this Article 11 and, if required, to approve a payment in respect of the purchase otherwise than out of distributable profits or the proceeds of a fresh issue of Shares, and the Directors shall ensure that the other formalities required by the CA 2006 are expeditiously complied with. If the Company fails to complete the purchase within 42 days after the date on which the Directors resolve to take up the purchase, or the Members fail to pass the relevant resolution to approve the Purchase of Own Shares Option within that period the Shares in question shall be offered to each Member (other than the Employee Member who is deemed to have given the Transfer Notice and any Excluded Person) in accordance with the provisions of Article 11.8.

## 12. **MANDATORY TRANSFERS**

12.1 A person entitled to a share in consequence of the bankruptcy, receivership or liquidation of a Member shall be bound if required in writing to do so by the Directors or the Investor Director to give a Transfer Notice in respect of all the Shares then registered in the name of the Member in bankruptcy, receivership, or liquidation, within 2 weeks of receipt of the relevant request.

12.2 A Director shall be entitled to give a Transfer Notice in respect of all the Shares then registered in the name of the Member in bankruptcy, receivership or liquidation.

12.3 If a Transfer Notice is deemed to have been given pursuant to Article 12.1 or Article 12.4 (as the context shall require) the Sale Shares shall be offered in accordance with the provisions of Article 11.8.1 or 11.8.2 (as the context shall require) and in such circumstances the Sale Shares shall be transferred at the Prescribed Price.

12.4 If a Founder who is an Employee ceases to be an Employee then he (and, any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1) shall be deemed to have given a Transfer Notice on the date on which they so ceased to be an Employee in respect of:

12.4.1 50% of the Shares then registered in the name of the Employee Member (and any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1 as at the Mandatory Transfer Date) if he is a Founder Good Leaver or a Founder Bad Leaver; or

12.4.2 100% of the Shares then registered in the name of the Employee Member (and any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1 as at the Mandatory Transfer Date) if he is a Very Bad Leaver; and

- 12.4.3 100% of all Shares which may be capable of being issued as the result of any options granted to the Employee Member and that have vested in the Employee Member as at the Mandatory Transfer Date.
- 12.5 If any Founder who was not an Employee as at the Second Adoption Date ceases to be a Director of any Group Company in circumstances where he is a NED Good Leaver or NED Bad Leaver or Very Bad Leaver then he (and, any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1) shall be deemed to have given a Transfer Notice on the date on which they so ceased to be a Director of any Group Company as aforesaid in respect of:
- 12.5.1 50% of the Shares then registered in the name of the Founder (and any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1 as at the Mandatory Transfer Date) if he is a NED Good Leaver or a NED Bad Leaver; or
- 12.5.2 100% of the Shares then registered in the name of the Founder (and any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1 as at the Mandatory Transfer Date) if the Founder is a Very Bad Leaver; and
- 12.5.3 100% of all Shares which may be capable of being issued as the result of any options granted to the Founder and that have vested in the Founder as at the Mandatory Transfer Date.
- 12.6 The Prescribed Price for the Sale Shares under Article 12.4 shall be:
- 12.6.1 where the relevant Employee Member ceases to be an Employee by reason of being a Founder Good Leaver, the Prescribed Price shall be FMV;
- 12.6.2 where the relevant Employee Member ceases to be an Employee by reason of being a Founder Bad Leaver, the Prescribed Price shall be the lower of FMV and Issue Price; and
- 12.6.3 where the relevant Employee Member ceases to be an Employee by reason of being a Very Bad Leaver, the Prescribed Price shall be £0.01 for each Ordinary Share.
- 12.7 The Prescribed Price for the Sale Shares under Article 12.5 shall be:
- 12.7.1 where the relevant Founder ceases to be a Director by reason of being a NED Good Leaver, the Prescribed Price shall be FMV;
- 12.7.2 where the relevant Founder ceases to be a Director by reason of being a NED Bad Leaver, the Prescribed Price shall be the lower of FMV and Issue Price; and
- 12.7.3 where the relevant Founder ceases to be a Director by reason of being a Very Bad Leaver, the Prescribed Price shall be £0.01 for each Ordinary Share.
- 12.8 If an Employee (who is not a Founder) ceases to be an Employee then he (and, any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1) shall be deemed to have given a Transfer Notice on the date on which they so ceased to be an Employee in respect of:

- 12.8.1 50% of the Shares then registered in the name of the Employee Member (and any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1 as at the Mandatory Transfer Date) if he is an Employee Good Leaver or an Employee Bad Leaver; or
  - 12.8.2 100% of the Shares then registered in the name of the Employee Member (and any person to whom he has directly or indirectly transferred Shares pursuant to Article 10.1 as at the Mandatory Transfer Date) if he is a Very Bad Leaver; and
  - 12.8.3 100% of all Shares which may be capable of being issued as the result of any options granted to the Employee Member and that have vested in the Employee Member as at the Mandatory Transfer Date.
- 12.9 In such circumstances, the Prescribed Price for the Sale Shares under Article 12.8 shall be:
- 12.9.1 where the relevant Employee Member ceases to be an Employee by reason of being an Employee Good Leaver, the Prescribed Price shall be FMV;
  - 12.9.2 where the relevant Employee Member ceases to be an Employee by reason of being an Employee Bad Leaver, the Prescribed Price shall be the lower of FMV and the price paid by the Employee Member when they acquired their shares; and
  - 12.9.3 where the relevant Employee Member ceases to be an Employee by reason of being a Very Bad Leaver, the Prescribed Price shall be £1 in aggregate.
- 12.10 If the Employee Member (or Founder to which Article 12.5 applies) who is deemed to have given the Transfer Notice fails to complete the sale of the Shares in question to the Company, the Directors may authorise any person to execute on behalf of and as attorney for the Employee Member (or Founder to which Article 12.5 applies) who is deemed to have given the Transfer Notice an appropriate contract and, in the absence of the relative share certificate, any indemnity in respect thereof requested by the Directors and may deliver it or them on his behalf. The Company shall send a cheque in respect of the Prescribed Price to the Employee Member (or Founder to which Article 12.5 applies) who is deemed to have given the Transfer Notice at his last known address and after appropriate entries have been made in the Register of Members in purported exercise of this power, the validity of the proceedings shall not be questioned by any person.
- 12.11 As from the point in time when any Employee Member (or Founder to which Article 12.5 applies) becomes a Founder Good Leaver, NED Good Leaver, Employee Good Leaver, Founder Bad Leaver, NED Bad Leaver, Employee Bad Leaver or Very Bad Leaver (as applicable), he shall, before the transfer provisions of this Article 12 have been operated and notwithstanding any other provision of these Articles, cease to have the right to attend or to vote at general meetings or to vote on a written resolution in respect of the Shares to which the Mandatory Transfer provisions apply pursuant to Article 12.4 or 12.5 (unless otherwise determined by the Directors (with the consent of the Investor Director)) and all voting rights conferred by their Shares to which the Mandatory Transfer provisions apply pursuant to Article 12.4 or 12.5 (but not for the avoidance of doubt the balance)) shall be exercised by the Board (with the consent of the Investor Director) provided always that any Sale Shares purchased from a Member shall have their voting rights re-instated on a transfer of such Sale Shares.
- 12.12 If a former Employee Member (or Founder to which Article 12.5 applies) (or his personal representatives) acquires Shares pursuant to an employee share option scheme he shall be deemed to have given a Transfer Notice pursuant to the provisions of Article 12.3 at the

acquisition date of the Shares (or such later date as the Board determines in writing with the consent of the Investor Director).

13. **EVIDENCE OF COMPLIANCE**

In any case where the Directors require a Transfer Notice to be given in accordance with the provisions of these Articles and it is not duly given within a period of two weeks of notice being given requiring the Transfer Notice to be given, a Transfer Notice in respect of the Shares in question shall be deemed to have been given at the expiration of that period. Any Transfer Notice deemed to have been given or required to be given under any provision of these Articles shall not be capable of revocation and (notwithstanding any of the provisions of these Articles) shall extend not just to the Shares registered in the name of the Member concerned but to any person Connected to him and/or to whom he has directly or indirectly transferred Shares pursuant to Article 10.1.

14. **EVIDENCE OF AUTHORISATION**

For the purpose of ensuring that a transfer of Shares is duly authorised under these Articles or that no circumstances have arisen requiring a Transfer Notice to be given, the Directors may require any Member or the personal representatives or trustee in bankruptcy, receiver or liquidator of any Member or any person named as transferee in any instrument of transfer lodged for registration to provide to the Company such information as the Directors reasonably think fit regarding any matter which they consider relevant. If such information is not provided to the reasonable satisfaction of the Directors within a reasonable time after request, the Directors shall be entitled to refuse to register the transfer in question or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the Shares concerned. If the information discloses (in the reasonable opinion of the Directors) that a Transfer Notice ought to have been given in respect of any Shares the Directors may by notice in writing require that a Transfer Notice be given in respect of the Shares concerned.

15. **TAG ALONG**

15.1 Without prejudice to Article 10, no sale or transfer of the legal or beneficial interest in any Shares ("**the Relevant Transaction**") (other than one made pursuant to Article 12) may be made or validly registered if as a result of such sale or transfer a Relevant Interest is obtained by a person (or persons acting in concert) where such person(s) did not have a Relevant Interest immediately prior to the Relevant Transaction, unless the Proposing Transferor:

15.1.1 shall have procured a written offer complying with the provisions of Article 15.4 to have been made by the proposed transferee (or any person or persons acting in concert with it) ("**the Proposing Transferee**") to the holders of all the other issued Shares to acquire their entire holding of Shares (the "**Eligible Shareholders**"); and

15.1.2 shall have served a notice on the Eligible Shareholders in respect of such proposed offer in accordance with this Article 15 (the "**Tag Notice**").

15.2 The Tag Notice will specify:

15.2.1 that Eligible Shareholders are entitled to transfer all of their shareholdings to the Proposing Transferee;

15.2.2 the terms of sale to which the Eligible Shareholders are required to adhere and enclose copies any relevant documents (if any) relating to the sale;

- 15.2.3 the identity of the proposed purchaser;
  - 15.2.4 the Specified Price and/or type of consideration being offered (including non-cash consideration) for each class of Shares held by the Eligible Shareholders; and
  - 15.2.5 the proposed place, date and time of completion.
- 15.3 For the purpose of this Article 15:
- 15.3.1 the expression a “**Relevant Interest**” shall mean an interest in more than 50% of the Equity Shares in issue for the time being;
  - 15.3.2 the expressions “**transfer**” and “**transferee**” shall include respectively the renunciation of a renounceable letter of allotment and the renouncement under any such letter of allotment; and
  - 15.3.3 the expression “**acting in concert**” shall bear the meaning ascribed to it in the City Code on Take-overs and Mergers (as amended from time to time).
- 15.4 The offer referred to in Article 15.1 above shall be on terms that:
- 15.4.1 it will be open for acceptance in England and Wales for a period of at least 28 days following the making of the offer;
  - 15.4.2 each Member to whom it is made shall be entitled to receive for each of the Shares held by him a sum per Share equal to the Specified Price (or otherwise on the same terms for non-cash consideration where relevant);
  - 15.4.3 the purchase of any Shares in respect of which such offer is accepted shall be completed at the same time as the Relevant Transaction;
  - 15.4.4 and otherwise on the same terms for all members (and for this purpose any offer which provides for any warranties or indemnities (other than warranties as to title and capacity) or restrictive covenants from some, but not all, Members shall be deemed to comply with this Article 15.4);
  - 15.4.5 in the case of an offer made to an Investor, that offer must also provide for the payment to the holders of the Preference Shares and the PP Ordinary Shares of the Preference Amount and the PP Amount respectively calculated in accordance with Article 4.2.1.
- 15.5 The expression “**the Specified Price**” shall mean:
- 15.5.1 a price per Share which shall be determined by valuing the entire issued share capital of the Company (“**the Sale Value**”) by reference to the aggregate of:
  - 15.5.2 the amount offered or paid or payable by the proposed transferee or transferees or his or their nominees respectively for each of the Shares comprised in the Relevant Interest to the holder or holders thereof or, if higher, the highest amount paid or payable for an Equity Share in any related or previous transaction within the 12 months preceding the offer by the same purchaser or any person acting in concert with the Proposing Transferee; and
  - 15.5.3 an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holder or holders of the Shares comprised

in the Relevant Interest 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 Relevant Interest (and, for the avoidance of doubt and without prejudice to the generality of the foregoing, any additional consideration which is linked to future profits, turnover or some other measure of the future performance of the Company shall be regarded as consideration which is an addition to the price paid or payable for the Relevant Interest); and

- 15.5.4 the Specified Price which each Member shall be entitled to receive in respect of each Share held by him shall then be determined by applying the provisions of Article 4.2 as if the Sale Value were the proceeds of a Sale.
- 15.6 Any disagreement as to the calculation of the Specified Price which each Member is entitled to receive in respect of each Share held by him for the purposes of this Article shall be referred to the Auditors or if a Member objects or they are unable to act or decline to act, an independent firm of chartered accountants appointed by the Directors, or in the event of disagreement, appointed on the application of the Proposing Transferor or the Directors by the President of the Institute of Chartered Accountants in England and Wales and the provisions relating to the Auditors in this Article 15 shall apply to such independent firm of chartered accountants (acting as experts and not arbitrators) whose decision shall be final and binding (in the absence of manifest error) and the costs of the Auditors shall be borne by the Company.
16. **DRAG ALONG**
- 16.1 If:
- 16.1.1 at any time one or more Members holding between them 75% of the Equity Shares in issue for the time being (and acting with the consent of an Investor Majority) propose to sell the legal or beneficial interest in their entire holdings of Shares; or
- 16.1.2 on the fifth anniversary of the Second Adoption Date, there has been no Exit, the holders of more than 55% in aggregate of the Equity Shares then in issue (and acting with the consent of an Investor Majority), propose to sell the legal and beneficial interest in their entire holdings of Shares,
- (in each case the “**Vendors**”) to a person with whom none of them is Connected or one or more such persons acting in concert (the “**Offeror**”) then the Vendors acting pursuant to Article 16.1.1 or 16.1.2 shall have the right to require the holders of all other issued Shares in the Company (the “**Called Shareholders**”) to sell and transfer their entire holdings of Shares (for the same consideration as the Vendors whether this be cash or non-cash consideration) to the Offeror (or as the Offeror shall direct) in accordance with this Article 16.1 (the “**Drag Along Right**”) at a price (the “**Drag Along Price**”) to be determined on the basis set out in Article 15.5 (or if the cash is non-cash consideration having a value equal to the Drag Along Price) and otherwise on the terms specified in Article 15 (as if the Vendors’ proposed sale was a Relevant Transaction).
- 16.2 The Drag Along Right may be exercised by the Vendors serving written notice to that effect (a “**Drag Along Notice**”) on the Called Shareholders at any time before the transfer of the Vendors’ Shares to the Offeror.
- 16.3 A Drag Along Notice shall specify that the Called Shareholders are, or will in accordance with this Article 16 be, required to sell and transfer their Shares to the Offeror on or about the date

- specified in the Drag Along Notice (which shall be not less than 7 days after the date of the Drag Along Notice or (if no such date is specified in the Drag Along Notice) on or about such date as the Vendors may subsequently specify by notice in writing to the Called Shareholders (which shall be not less than 7 days after the date of the Drag Along Notice).
- 16.4 A Drag Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Vendors do not transfer their entire holdings of Shares to the Offeror or the Offeror's nominee not later than the date specified as the date for completion of the sale and purchase of Shares pursuant to exercise of the Drag Along Right.
- 16.5 Upon any person, following the giving of a Drag Along Notice, becoming a Member pursuant to the exercise of a pre-existing option to subscribe for or otherwise acquire Shares in the Company (a "**New Member**"), a Drag Along Notice shall be deemed to have been given to the New Member forthwith on the same terms as the previous Drag Along Notice and the New Member shall thereupon be bound to sell and transfer all such Shares acquired by him to the Offeror or as the Offeror may direct and the provisions of this Article shall apply mutatis mutandis to the New Member save that completion of the sale of such Shares shall take place forthwith upon the Drag Along Notice being deemed to have been given to the New Member.
- 16.6 If the Vendors exercise the Drag Along Right, it shall not be necessary for them first to have given Transfer Notices pursuant to Article 11.
17. **PROCEEDINGS AT GENERAL MEETINGS**
- 17.1 Save as herein otherwise provided, two Equity Shareholders present in person or by proxy (or, being a corporation, by representative), one of whom must be a proxy or duly authorised representative of the Investor holding A Ordinary Shares and one of which must be a Founder holding Ordinary Shares shall be a quorum.
- 17.2 If a quorum is not present within half an hour from the time appointed for a general meeting or ceases to be present the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine.
- 17.3 If at any adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall form a quorum.
- 17.4 In the case of any equality of votes at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting shall not be entitled to a second or casting vote.
18. **ALTERNATE DIRECTORS**
- No meeting of the Directors shall be invalid because notice thereof or of any business to be transacted at that meeting was not given to any alternate director if his appointer attends such meeting.
19. **APPOINTMENT AND RETIREMENT OF DIRECTORS**
- 19.1 The Directors shall not be required to retire by rotation.
- 19.2 The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.



- 19.3 The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors.

20. **PROCEEDINGS OF THE DIRECTORS**

- 20.1 The number of Directors shall not be less than two or more than eight.
- 20.2 Subject to Article 20.5, the quorum necessary for the transaction of business of the Directors shall be two, at least one of whom shall be an Investor Director if at the time of the meeting an Investor Director has been appointed and at least one of whom shall be a Founder Director (where appointed).
- 20.3 At any meeting of the Directors each Director (or his alternate director) present at the meeting shall be entitled to one vote.
- 20.4 In the case of an equality of votes at any meeting of the Directors the chairman of such meeting shall not be entitled to a second or casting vote.
- 20.5 Any Director including an alternate Director may participate in a meeting of the Directors or a committee of the Directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the CA 2006, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 20.6 Model Article 9(3) and 9(4) shall be deleted and replaced with:
- “Notice of every meeting of the directors shall be given to each director and his alternate, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company an address within the United Kingdom or an e-mail address or a facsimile number outside the United Kingdom for service”.

21. **INVESTOR DIRECTOR AND FOUNDER DIRECTORS**

- 21.1 Notwithstanding any other provisions of these Articles, so long as the Investors or any of them are holders(s) of any Share(s), they shall have the right (acting by an Investor Majority) to appoint one person as a Director of the Company (“**Investor Director**”) and one person as an independent non-executive Director and chairman of the Company (and prior to such appointment the Investors shall meaningfully consult with the Founder Directors regarding the identity of the person to be appointed) (“**Chairman**”) and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place.
- 21.2 An Investor Director or Chairman shall not be required to hold any Shares.
- 21.3 Any appointment or removal of an Investor Director and/or Chairman shall be by notice in writing to the Company which will take effect on delivery at the registered office of the Company or at any meeting of the Board.
- 21.4 For so long as the Investors are the holders of any Shares, on any resolution to remove an Investor Director and/or Chairman the Shares held by the A Ordinary Shareholders who

- appointed such director shall together carry at least one vote in excess of 75% of the votes exercisable in respect of that resolution at the general meeting at which such resolution is to be proposed and if any such director is removed pursuant to Section 168 of the CA 2006 the A Ordinary Shareholders who appointed such director may reappoint him or any other person as an Investor Director or Chairman (as relevant).
- 21.5 Notwithstanding any other provisions of these Articles, so long as the Investor or any of them are holders(s) of any Share(s), they shall have the right (acting by an Investor Majority) to appoint one person as an observer at board meetings of the Company and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place.
- 21.6 Such observer shall be entitled to receive the same information concerning the business and affairs of the Company, as the Directors of the Company receive, and at the same time, but shall not be entitled to vote at meetings of the Directors and shall not be counted towards the quorum.
- 21.7 Any appointment or removal of such observers shall be by notice in writing to the Company which will take effect on delivery at the registered office of the Company or at any meeting of the Board.
- 21.8 Notwithstanding any other provisions of these Articles, so long as a Founder is a holder of Equity Shares representing 12.5% or more of the Equity Shares in issue, he shall have the right to appoint one person as a Director of the Company ("**Founder Director**") and to remove from office any person so appointed and (subject to such removal) to appoint another person in his place. Any person who is appointed pursuant to this Article 21.8 shall require the prior approval of the Remuneration Committee (as defined in the Investment Agreement) (not to be unreasonably withheld or delayed) if the appointed person is not a Founder. In the event that a Founder is a Founder Bad Leaver, a NED Bad Leaver or Very Bad Leaver, he shall cease to have a right to appoint a Founder Director under this Article. In the event that a Founder is a Founder Good Leaver or NED Good Leaver, he shall retain his right to appoint a Founder Director under this Article, provided that upon the written request of the Remuneration Committee in circumstances where the Founder Director has been unfairly dismissed such Founder shall appoint another individual in his place as his nominated Founder Director.
- 21.9 Any appointment or removal of a Founder Director shall be by notice in writing to the Company which will take effect on delivery at the registered office of the Company or at any meeting of the Board.
- 21.10 For so long as a Founder is the holder of Equity Shares representing 12.5% or more of the Equity Shares in issue, on any resolution to remove a Founder Director the Shares held by the relevant Founder who appointed such director shall together carry at least one vote in excess of 75% of the votes exercisable in respect of that resolution at the general meeting at which such resolution is to be proposed and if any such director is removed pursuant to Section 168 of the CA 2006 the Founder who appointed such director may reappoint him or any other person as a Founder Director.
22. **DIRECTORS' CONFLICTS OF INTERESTS**
- 22.1 If a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is in any way directly or indirectly interested, that Director shall be counted as participating in the decision making process for quorum and voting purposes provided that the relevant interest either:

- 22.1.1 has been duly declared in accordance with section 177 or section 182 CA 2006, as the case may require, or
  - 22.1.2 is not required by the terms of either of those sections to be declared.
- 22.2 So long as the relevant interest falls within Article 21.1 or 21.2, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction with the Company:
- 22.1.1 may be a party to, or otherwise interest in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
  - 22.1.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of any such matter or proposed matter in which he is interested;
  - 22.1.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; and
  - 22.1.5 may be a Director, or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, anybody corporate in which the Company is otherwise (directly or indirectly) interested.
- 22.3 The Directors are hereby empowered for the purposes of section 175 of the CA 2006 to authorise any Conflict Situation that may arise and to amend or vary any such authorisation so given. Any such authorisation, amendment or revocation shall be given by resolution of the directors made in accordance with these Articles and, in the case of such authorisation, that section. The Directors may give any such authorisation subject to such terms as they shall consider appropriate and reasonable in the circumstances.
- 22.4 For the purposes of sections 175 and 180(4) of the CA 2006 and for all other purposes, it is acknowledged that an Investor Director may be or become subject to a Conflict Situation or Conflict Situations as a result of his also being or having been or being party to an agreement or understanding or circumstances under which he may become an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or a director or indirect investor in and/or otherwise commercially involved with or economically interested in any of the following:
- 22.4.1 an Investor; and/or
  - 22.4.2 any Investor affiliate, which for these purposes means any person who or which, as regards any Investor or any other Investor affiliate of that Investor:
  - 22.4.3 is a company or entity which is a member of the Investor Group; and/or
  - 22.4.4 is an investment manager or investment adviser to or of it and/or another Investor affiliate; and/or
  - 22.4.5 is a Person in which the Investor and/or any Investor affiliate may have or acquire a direct or indirect economic interest, including without limitation any portfolio company investee; and/or

- 22.4.6 controls or is controlled, managed, advised (in an investment adviser capacity) or promoted by the Investor and/or such Investor affiliate; and/or
- 22.4.7 is a trustee, manager, beneficiary, shareholder, partner, unit holder or other financier or any participant in or of it and/or that Investor affiliate, and/or
- 22.4.8 any carried interest or similar incentive arrangement associated with any Person or arrangement referred to in paragraph 22.4.1 or 22.4.2 of this Article,

where for these purposes "Person" shall mean any individual, body corporate, fund, trust, partnership or other entity whether or not having separate legal status.

- 22.4.9 An Investor Director's duties to the Company arising from his holding office as director shall not be breached or infringed as a result of any Conflict Situation envisaged by Article 22.4 and he shall:
  - (a) be entitled to receive notice (including any relevant board papers) of, attend, count in the quorum towards and vote at any board meeting relating in any way to, and deal generally with, matters concerning, connected with or arising from the Conflict Situation concerned; and
  - (b) be required to keep confidential and not disclose to the Company any information which comes into his possession as a result of such Conflict Situation where such information is confidential as regards any third party.

## 23. **STEP IN RIGHTS**

23.1 If:

23.1.1 an Insolvency Event occurs;

23.1.2 there is a breach by the Founders of clause 10.2 or of clauses 10.8-10.16 of the Investment Agreement (which in any case, if capable of remedy has not been remedied with 14 days of the Directors receiving notice to remedy the same from the Investor Director) the consequences of which may be (in the reasonable opinion of the Investor Director) to the material detriment of the Company or the interests of the Investors as shareholders of the Company (including the status of their investments as qualifying holdings within Chapters 3 and 4, Part 6 of the Tax Act);

23.1.3 the cash assets of the Group fall to less than an amount necessary to pay salary and overhead costs required for the next three months of operation of the Group in the usual course of business and the Group has an immediate cash flow need in the next three months in excess of this amount, and for the purposes of this Article 23 the cash assets of the Group shall mean the aggregate of all positive and negative balances which the Company has on any and all of the bank accounts in its sole name and under its control; and

23.1.4 the Investor Director has given written notice to the Directors that the provisions of this Article 23 shall cease to have effect in relation to the matter in question (which will be given as soon as the relevant circumstance(s) prompting the giving of the notice is/are no longer applicable),

the Investor Director alone shall count as a quorum at any meeting of Directors and shall be entitled at any meeting of Directors to cast such number of votes which exceeds the votes cast against a resolution which the Investor Director has proposed.

**24. CONSENT MATTERS**

- 24.1 Where the consent of an Investor Majority is required in these Articles, such consent may be given by the Investor Director or such other person as is nominated by an Investor Majority provided that such consent is given in writing or by the Investor Director voting in favour of the relevant matter at a Board meeting or by valid written resolution.
- 24.2 Where the consent of the “Investor Director” is referred to in these Articles, if there is no Investor Director appointed, such consent may instead be given by an Investor Majority.
- 24.3 In each case where the consent of an Investor Majority or Investor Director is required in these Articles, such consent shall not be unreasonably withheld, delayed or conditioned.

**25. DIRECTORS’ BORROWING POWERS**

- 25.1 Subject as hereinafter provided, and as set out in the Investment Agreement, the Directors may exercise all the powers of the Company (whether express or implied) of borrowing or securing the payment of money, of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts, and of mortgaging or charging the undertaking, property, assets and uncalled capital of the Company and (subject to Section 551 of the CA 2006) of issuing debentures.
- 25.2 Except with the prior sanction of an Investor Majority no mortgage or charge shall be created on any part of the undertaking, property, assets or uncalled capital of the Company or any subsidiary of the Company except for the purpose of securing money borrowed from bankers together with interest thereon and costs and expenses relating thereto.

**26. INDEMNITY**

- 26.1 Subject to the provisions of the CA 2006 every Director (including an alternate Director) or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the lawful execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court, and no Director (including an alternate Director) or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the lawful execution of the duties of his office or in relation thereto.
- 26.2 The Directors shall have power to purchase and maintain for any Director (including an alternate Director), officer or auditor of the Company, insurance against any liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a Director (including as an alternate Director), officer or auditor.
- 26.3 The Directors may authorise the directors of companies within the same group of companies as the Company to purchase and maintain insurance at the expense of the Company for the benefit of any director (including an alternate director), other officer or auditor of such company in respect of such liability, loss or expenditure as is referred to in Article 26.2.