

Company number 12352698
THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
NEW
ARTICLES OF ASSOCIATION
of
HUMAN FOREST LIMITED
(the "Company")

(Adopted by a special resolution passed on 3 May 2022)

1. Introduction

- 1.1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these articles (the "**Model Articles**") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following articles.
- 1.2 In these articles and the Model Articles any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof from time to time.
- 1.3 In these articles: article headings are used for convenience only and shall not affect the construction or interpretation of these articles.

2. Defined terms

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

"A Ordinary Shares" means the A Ordinary Shares of £0.0002 each in the capital of the Company from time to time;

"Act" means the Companies Act 2006 (as amended from time to time);

"Acting in Concert" has the meaning given to it in The City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);

"Associate" in relation to any person means:

- (a) any person who is an associate of that person and the question of whether a person is an associate of another is to be determined in accordance with section 435 of the Insolvency Act 1986 and (whether or not an associate as so determined);
- (b) any Member of the same Group;
- (c) any Member of the same Fund Group;

"Auditors" means the auditors of the Company from time to time;

"Bad Leaver" means a person who is a Leaver as a consequence of being dismissed by the Company (or a member of the Group) for Cause;

"Beneficial Owner" means a person whose Shares are held on trust by NomineeCo;

"Board" means the board of Directors and any committee of the board constituted for the purpose of taking any action or decision contemplated by these articles;

"Business Day" means a day on which English clearing banks are ordinarily open for the transaction of normal banking business in the City of London (other than a Saturday or Sunday);

"Cause" means in relation to an Employee the lawful termination of their contract of employment or consultancy without notice or payment in lieu of notice as a consequence of their misconduct.

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

"Controlling Interest" means an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

"Date of Adoption" means the date on which these articles were adopted;

"Director(s)" means a director or directors of the Company from time to time;

"Effective Termination Date" means the date on which an Employee ceases to be an Employee;

"Employee" means an individual who is employed by, or who provides consultancy services to, the Company or any member of the Group;

"Employee Trust" means a trust, the terms of which are approved by the Board, whose beneficiaries are Employees;

"Encumbrance" means any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including without limitation any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

"Equity Shares" means the A Ordinary Shares and the Ordinary Shares;

"Fair Value" is as determined in accordance with article 13.3;

"Family Trusts" means trust(s) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than a Shareholder who is an individual (and who holds a majority of such beneficial interests) and Privileged Relations of that individual;

"Founders" means Agustin Guilisasti Urrutia and Ignacio Gutierrez Del Pedregal;

"Fund Manager" means a person whose principal business is to make, manage or advise upon investments in securities;

"Good Leaver" means a Leaver who is not a Bad Leaver or who the Board resolves should be treated as a Good Leaver;

"Group" means the Company and its subsidiary undertaking(s) (if any) from time to time;

"HF" means Human Forest SpA;

"Holding Company" means a newly formed holding company, pursuant to which the shareholders of, and the proportion and class(es) of shares held by each of them in, such holding company (immediately after a transfer of the issued share capital of the Company to such holding company) are the same as the shareholders of and their shareholdings in the Company immediately prior to the transfer of the issued share capital of the Company to such holding company;

"Investor" means a holder of A Ordinary Shares and his Permitted Transferees and who is/are designated in the Shareholders Agreement or deed of adherence to the Shareholders Agreement as an Investor;

Investor Majority means Investors holding a majority of the A Ordinary Shares held by Investors from time to time;

"IPO" means the admission of all or any of the Shares or securities representing those shares (including without limitation depositary interests, American depositary receipts, American depositary shares and/or other instruments) to or the grant of permission by any like authority for the same to be admitted to or traded or quoted on Nasdaq Stock Market operated by the NASDAQ OMX Group or the Official List of the United Kingdom Listing Authority or the AIM Market operated by the London Stock Exchange Plc or any other recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

"Leaver" a person (other than a Founder or a Director) who is an Employee and ceases to be an Employee;

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

- (a) any participant or partner in or member of any such Investment Fund or the holders of any unit trust which is a participant or partner in or member of any Investment Fund (but only in connection with the dissolution of the Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course of business);
- (b) any Investment Fund managed by that Fund Manager;
- (c) any parent undertaking or subsidiary undertaking of that Fund Manager, or any subsidiary undertaking of any parent undertaking of that Fund Manager; or
- (d) any trustee, nominee or custodian of such Investment Fund and vice versa;

"a Member of the same Group" means as regards any company, a company which is from time to time a parent undertaking or a subsidiary undertaking of that company or a subsidiary undertaking of any such parent undertaking;

"New Securities" means any shares or other securities convertible into, or carrying the right to subscribe for, those shares issued by the Company after the Date of Adoption (other than (a) options to subscribe for Ordinary Shares under any Share Option Plan or

(b) shares or other securities which HF has agreed should be issued without complying with article 9);

"NomineeCo" means Crowdcube Nominees Limited (company number 09820478) or a Permitted Transferee of such Nominee;

"Ordinary Shares" means the ordinary shares of £0.0002 each in the capital of the Company from time to time;

"Original Purchase Price" means a price per share equal to the amount subscribed or deemed to have been subscribed (including premium) for such share;

"Permitted Transfer" means a transfer of Shares in accordance with article 11;

"Permitted Transferee" means:

- (a) in relation to a Shareholder who is an individual, any of his Trustees or a Qualifying Company;
- (b) in relation to a Shareholder which is an undertaking means any Member of the same Group;
- (c) in relation to a Shareholder which is an Investment Fund means any Member of the same Fund Group;
- (d) in relation to NomineeCo, means another trust company;

"Privileged Relation" in relation to a Shareholder who is an individual member or deceased or former member means a spouse, Civil Partner, child or grandchild (including step or adopted or illegitimate child and their issue);

"Proceeds of Sale" means the consideration payable (including any deferred and/or contingent consideration and any other consideration which having regard to the substance of the transaction as a whole, can be reasonably regarded as an addition to the price paid or payable for the Shares being sold) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale less any fees, costs and expenses payable in respect of such Share Sale as approved by the Board;

"Proposed Purchaser" means a proposed purchaser who at the relevant time has made an offer on arm's length terms;

"Proposed Sale Date" has the meaning given in article 17.3;

"Proposed Sale Notice" has the meaning given in article 17.3;

"Proposed Sale Shares" has the meaning given in article 17.3;

"Proposed Seller" means any person proposing to transfer any shares in the capital of the Company;

"Proposed Transfer" has the meaning given in article 17.1;

"Qualifying Company" means a company in which a Shareholder or Trustee(s) hold the whole of the share capital and which they control;

"Shareholder" means any holder of any Shares;

"Shareholders Agreement" means an agreement between the Company and its shareholders relating to investment into the Company dated 17 August 2020 as amended from time to time;

"Share Option Plan" means any share option plan of the Company, the terms of which have been approved by the Board;

"Shares" means A Ordinary Shares, the Ordinary Shares and other shares in issue from time to time;

"Share Sale" means the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the purchaser of those shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where following completion of the sale the shareholders in the purchasing company and the proportion of shares held by each of them are the same as the Shareholders and their shareholdings in the Company immediately prior to the sale; and

"Trustees" means the trustee(s) of a Family Trust;

2.2 In these articles, unless the context requires otherwise, references to shares of a particular class shall include shares allotted and/or issued after the Date of Adoption and ranking pari passu in all respects (or in all respects except only as to the date from which those shares rank for dividend) with the shares of the relevant class then in issue.

2.3 Except as otherwise provided in these articles, the A Ordinary Shares and the Ordinary Shares shall rank pari passu in all respects but shall constitute separate classes of shares.

3. Commitment to the 'Triple Bottom Line' – People, Planet and Profit

3.1 The objects of the Company are to promote the success of the Company:

- (a) for the benefit of its members as a whole; and
 - (b) through its business and operations, to have a material positive impact on (i) society and (ii) the environment,
- taken as a whole.

3.2 A Director must act in the way he or she considers, in good faith, most likely to promote the success of the Company in achieving the objects set out in article 3.1 above, and in doing so shall have regard (amongst other matters) to:

- (a) the likely consequences of any decision of the Directors in the long term and the impact any such decision may have on any affected stakeholders,
- (b) the interests of the Company's employees,
- (c) the need to foster the Company's business relationships with suppliers, customers and others,
- (d) the impact of the Company's operations on the community and the environment and on affected stakeholders,
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct and the impact this has on affected stakeholders, and

(f) the need to act fairly as between members of the Company,

(together, the matters referred to above shall be defined for the purposes of this Article as the "Stakeholder Interests" and each a "Stakeholder Interest").

- 3.3 For the purposes of a Director's duty to act in the way he or she considers, in good faith, most likely to promote the success of the Company, a Director shall not be required to regard the benefit of any particular Stakeholder Interest or group of Stakeholder Interests as more important than any other.
- 3.4 Nothing in this Article express or implied, is intended to or shall create or grant any right or any cause of action to, by or for any person (other than the Company).
- 3.5 The Directors of the Company shall, for each financial year of the Company, prepare and circulate to its members an impact report. The impact report shall contain a balanced and comprehensive analysis of the impact the Company's business has had, in a manner proportionate to the size and complexity of the business. The impact report shall contain such detail as is necessary to enable the members to have an understanding of the way in which the Company has promoted its success for the benefit of its members as a whole and, through its business and operations, sought to have a material positive impact on society and the environment, taken as a whole. If the Company is also required to prepare a strategic report under the Act, the Company may choose to publish the impact report as part of its strategic report and in accordance with the requirements applying to the strategic report.

4. Directors

- 4.1 The maximum number of Directors shall be 6.
- 4.2 The quorum for Directors' meetings shall be two Directors. Article 11(2) of the Model Articles shall not apply to the Company.
- 4.3 For so long as HF and/or its Permitted Transferees holds any Equity Shares from time to time, HF shall be entitled to nominate one person who shall be appointed to act as a director of the Company and to remove any such director by notice in writing addressed to the Company from time to time.
- 4.4 For so long as Augustin Guillisasti Urrutia and/or his Permitted Transferees holds any Equity Shares from time to time, he shall be entitled to nominate one person who shall be appointed to act as a director of the Company and to remove any such director by notice in writing addressed to the Company from time to time.
- 4.5 For so long as Ignacio Gutierrez Del Pedregal and/or his Permitted Transferees holds any Equity Shares from time to time, he shall be entitled to nominate one person who shall be appointed to act as a director of the Company and to remove any such director by notice in writing addressed to the Company from time to time.
- 4.6 Appointment and removal of a director of the Company under articles 4.3, 4.4, or 4.5 shall be by written notice to the Company which shall take effect on delivery at its registered office or at any meeting of the Board or committee thereof.

5. Alternate Directors

Articles 15 and 25 to 27 of the model articles for public companies limited by shares contained in Schedule 3 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) shall apply to the Company.

6. Directors' interests

- 6.1 Subject to the provisions of the Act, and provided that he has declared to the Directors the nature and extent of his interest, a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which he has an interest, whether a direct or an indirect interest, or in relation to which he has a duty and shall also be counted in reckoning whether a quorum is present at such a meeting. Article 14 of the Model Articles shall not apply to the Company.

6.2 *Specific interests of a Director*

Subject to the provisions of the Act, and provided that he has declared to the Directors the nature and extent of his interest, a Director may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest of the following kind:

- (a) where a Director (or a person connected with him) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested;
- (b) where a Director (or a person connected with him) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested;
- (c) where a Director (or a person connected with him) is a Shareholder or a shareholder in, employee, director, member or other officer of, or consultant to, a parent undertaking of, or a subsidiary undertaking of a parent undertaking of, the Company;
- (d) where a Director (or a person connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested;
- (e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested; or
- (f) where a Director (or a person connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which he is a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not he or it is remunerated for this.

7. Exit provisions

- 7.1 On a Share Sale the Proceeds of Sale shall be distributed:

- (a) first in paying to each of the holders of the A Ordinary Shares whichever is the greater of either:
 - (i) an amount per share equal to the Original Purchase Price for all of the A Ordinary Shares held by that holder provided that, if there are insufficient Proceeds of Sale to pay the amounts per share equal to the Original Purchase Price, the remaining Proceeds of Sale shall be distributed to

the holders of A Ordinary Shares pro rata to their respective holdings of A Ordinary Shares; or

- (ii) an amount equal to that holder's pro rata entitlement to the Proceeds of Sale as if the A Ordinary Shares and the Ordinary Shares constituted one and the same class; and

- (b) the balance of the Proceeds of Sale (if any) shall be distributed among the holders of Ordinary Shares pro rata to the number of Ordinary Shares held.

7.2 The Directors shall not register any transfer of Shares if the Proceeds of Sale are not so distributed save in respect of any Shares not sold in connection with that Share Sale provided that if the Proceeds of Sale are not settled in their entirety upon completion of the Share Sale:

- (a) the Directors shall not be prohibited from registering the transfer of the relevant Shares so long as the Proceeds of Sale that are settled have been distributed in the order of priority set out in this article 7; and
- (b) the Shareholders shall take any action required by the Investor Majority to ensure that the Proceeds of Sale in their entirety are distributed in the order of priority set out in this article 7.

8. Conversion of A Ordinary Shares

8.1 All of the A Ordinary Shares shall automatically convert into Ordinary Shares immediately upon the occurrence of an IPO.

8.2 At least five Business Days prior to the occurrence of the IPO, each holder of the relevant A Ordinary Shares shall deliver the certificate (or a suitable indemnity) in respect of the shares being converted for such shares to the Company at its registered office for the time being.

8.3 Conversion will be effective only immediately prior to such IPO (and "**Conversion Date**" shall be construed accordingly) and, if such IPO does not become effective or does not take place, such conversion shall be deemed not to have occurred.

8.4 On the Conversion Date, the relevant A Ordinary Shares shall without further authority than is contained in these articles stand converted into Ordinary Shares on the basis of one Ordinary Share for each A Ordinary Share held and the Ordinary Shares resulting from that conversion shall in all other respects rank pari passu with the existing issued Ordinary Shares.

8.5 The Company shall on the Conversion Date enter the holder of the converted A Ordinary Shares on the register of members of the Company as the holder of the appropriate number of Ordinary Shares and, subject to the relevant holder delivering its certificate(s) (or indemnity) in respect of the A Ordinary Shares in accordance with this article, the Company shall within 10 Business Days of the Conversion Date forward to such holder of A Ordinary Shares by post to his address shown in the register of members, free of charge, a definitive certificate for the appropriate number of fully paid Ordinary Shares.

9. Allotment of new shares or other securities: pre-emption

9.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act do not apply to an allotment of equity securities made by the Company.

9.2 Unless otherwise determined by special resolution, any New Securities shall, before they are allotted or granted on any terms, be first offered by the Company in writing to each holder of Equity Shares by:

- (a) giving details of the number and subscription price of the New Securities;
- (b) inviting him to apply for the New Securities at the subscription price (being on no less favourable terms);
- (c) stating that he will have a period of at least 14 days from the date of the notice in which to apply;
- (d) stating that, if there is competition among the holders of Equity Shares for the New Securities, the New Securities will be allocated to him in proportion (as nearly as may be) to his existing holdings of Equity Shares (his "**Proportionate Allocation**");
- (e) inviting him to indicate if he is willing to purchase New Securities in excess of his Proportionate Allocation ("**Extra Securities**") and, if so, the number of Extra Securities.

9.3 On expiry of an offer made in accordance with article 9.2 (or sooner if applications or refusals have been received from all holders of Equity Shares and all requisite approvals have been given), the Company shall allot or grant (as the case may be) the New Securities as follows:

- (a) if the total number of New Securities applied for is equal to or less than the New Securities offered, each holder of Equity Shares shall be allocated the number applied for by him; or
- (b) if the total number of New Securities applied for is more than the New Securities offered, each holder of Equity Shares shall be allocated his Proportionate Allocation or, if less, the number of New Securities for which he has applied; and
- (c) applications for Extra Securities shall be allocated in accordance with such applications or, in the event of competition, among those holders of Equity Shares applying for Extra Securities in proportion to their Proportionate Allocations but so that no applicant shall be allocated more Extra Securities than he has applied for and so that if there is a surplus further allocations shall be made on the same basis (and if necessary more than once) until all New Securities have been allocated;
- (d) fractional entitlements shall be rounded to the nearest whole number;

following which the Directors may, subject to these articles and the Act, allot or grant (as the case may be) such New Securities as have not been taken up in such manner as they think fit, but on no less favourable terms.

9.4 Any New Securities offered under this article 9 to an Investor may be accepted in full or part only by a Member of the same Fund Group as that Investor in accordance with the terms of this article 9.

9.5 No Shares shall be allotted to any Employee, Director, prospective Employee or prospective director of the Company, who in the opinion of the Board is subject to taxation in the United Kingdom, unless such person has entered into a joint section 431 Income Tax (Earnings and Pensions) Act 2003 election with the Company if so required by the Company.

- 9.6 The Company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder. The Directors are not authorised to determine the terms, conditions and manner of redemption unless express authorisation to do so is given by the Shareholders by ordinary resolution. Article 22(2) of the Model Articles shall not apply to the Company.

10. Transfers of Shares – general

- 10.1 Reference to the transfer of a Share in these articles includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.
- 10.2 If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these articles he will be deemed immediately to have served a Transfer Notice in respect of all Shares held by him.
- 10.3 The Directors may refuse to register a transfer of a Share if:
- (a) a Shareholder transfers a Share other than in accordance with these articles;
 - (b) the transfer is to an Employee, Director or prospective Employee or prospective director of the Company and such person has not entered into a joint section 431 Income Tax (Earnings and Pensions) Act 2003 election with the Company; or
 - (c) the transferee is a person (or a nominee for a person) who is a competitor with (or an associate (as determined in accordance with section 435 of the Insolvency Act 1986) of a competitor with) the business of the Company or with a subsidiary undertaking of the Company.

Article 26(5) of the Model Articles shall be modified accordingly.

- 10.4 The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement in force between some or all of the Shareholders and the Company.
- 10.5 Articles 27 to 29 of the Model Articles regarding transmission of shares shall not apply to the Company.
- 10.6 Any transfer of a Share by way of sale which is required to be made under articles 12 to 16 (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee.

11. Permitted Transfers

- 11.1 A Shareholder (the "**Original Shareholder**") may transfer all or any of his or its Shares to a Permitted Transferee without restriction as to price or otherwise.
- 11.2 Shares previously transferred as permitted by article 11.1 may be transferred by the transferee to the Original Shareholder or any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.
- 11.3 A Founder may transfer any of his Shares to the other Founder or a Permitted Transferee of the other Founder without any restriction as to price or otherwise and each such transfer shall be registered by the Board.

- 11.4 Save as provided in Article 11.5, upon the death of a Shareholder the legal representative of the deceased Shareholder must within five Business Days after the date of the grant of probate serve a Transfer Notice in respect of the Shares of the deceased failing which it will be deemed to have served such a Transfer Notice on the expiry of that five Business Day period.
- 11.5 On the death of any Founder the legal representative of the deceased Founder may transfer any Share of such deceased Founder to the other Founder or to his Privileged Relations provided that:
- (a) Upon such transfer of any such Share to a Privileged Relation the Shares so transferred shall cease to carry voting rights and not be entitled to vote on any matter (save as to the variation of the rights of those Shares or of the class of Shares of which they form part) and the Privileged Relation shall not be entitled to transfer such Shares to any Permitted Transferee.
 - (b) In the event such Privileged Relation dies the legal representative of the deceased Shareholder must within five Business Days after the date of the grant of probate serve a Transfer Notice in respect of the Shares of the deceased failing which it will be deemed to have served such a Transfer Notice on the expiry of that five Business Day period.
 - (c) In the event of service of a Transfer Notice pursuant to Article 11.5(a) or in any other circumstances in which such Privileged Relation serves a Transfer Notice then in lieu of the provisions specified in Article 12.2(a) the Company shall give notice to the other Founder who shall have 10 Business Days in which to give notice to the Company (copied to such Privileged Relation or its legal representative) electing to acquire all or some of the Sale Shares and such Sale Shares shall be allocated to the other Founder in accordance with such election and to the extent that the other Founder does not so elect within such period then in respect of any Sale Shares not the subject of such an election by the other Founder ("**Remaining Sale Shares**") the Company shall give notice in writing to each holder of Equity Shares other than the Seller and other than the other Founder and the other provisions of Article 12 shall apply but so that references to Shares allocated to "to the Company or the Employee Trust" shall be to the other Founder and references to "Eligible Shareholders" shall not include the Seller or the other Founder.
 - (d) Upon the completion of the transfer of such Shares by the Privileged Relation in accordance with these Articles the Shares so transferred shall thereafter carry voting rights and be entitled to vote as Shares of the relevant class.
- 11.6 A transfer of any Shares approved by HF and the Board may be made without restriction as to price or otherwise and each transfer shall be registered by the Directors.
- 11.7 Any Shares may at any time be transferred where there is a transfer of the entire issued share capital of the Company to a Holding Company, which has been approved by a majority of the Board.
- 11.8 A Beneficial Owner shall be entitled at any time to transfer his entire beneficial interest in the Shares held on trust for him by NomineeCo without restriction to any person, provided that the legal title in such Shares continues to be held by NomineeCo and the transferee is (or becomes prior to the completion of the transfer) a member of the crowdfunding platform operated by Crowdcube Capital Limited.

12. Transfers of Shares subject to pre-emption rights

12.1 Save where the provisions of articles 11 and 16 apply, a Shareholder who wishes to transfer Shares (a "**Seller**") shall give notice in writing (which cannot be withdrawn save with the consent of the Board) (a "**Transfer Notice**") to the Company (constituting the Company the agent of the Seller) specifying:

- (a) the number of Shares which he wishes to transfer (the "**Sale Shares**");
- (b) if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee; and
- (c) the price at which he wishes to transfer the Sale Shares.

The price specified in (c) shall if it is a cash price be the Transfer Price but if no such cash price is specified by the Seller, the price at which he is to transfer the Sale Shares shall be agreed between the Seller and the Board (but with any Director who is a Seller or with whom the Seller is connected (within section 252 of the Act) not being entitled to vote) within seven Business Days after the date when the Board received the Transfer Notice (the "**Transfer Price**"). If no price is agreed the Transfer Price will be deemed to be the Fair Value of the Sale Shares.

If a Shareholder is deemed to have given a Transfer Notice, the price at which he is to transfer the Sale Shares (being in this case the Transfer Price) shall be agreed between such Shareholder and the Board (but with any Director who is a Seller or with whom the Seller is connected (within section 252 of the Act) not being entitled to vote) within seven Business Days after the date on which the Transfer Notice is deemed given (or such longer period as the Seller and the Board may agree) and failing such agreement such price will be deemed to be the Fair Value of such Shares.

12.2 Following the receipt of a Transfer Notice (or, in the case where the Transfer Price is required to be and has not been agreed, the determination of the Transfer Price under article 13),

- (a) the Company shall have 10 Business Days in which to give notice electing to acquire all or some of the Sale Shares or to direct that they be acquired by an Employee Trust and such Sale Shares shall be allocated to the Company or the Employee Trust in accordance with such election.
- (b) To the extent that it does not so elect within such period then in respect of any Sale Shares not the subject of such an election by the Company ("**Remaining Sale Shares**") it shall give notice in writing to each holder of Equity Shares other than the Seller (each an "**Eligible Shareholder**"):
 - (i) inviting him to apply for the Remaining Sale Shares at the Transfer Price;
 - (ii) stating that he will have a period of at least 14 days from the date of the notice in which to apply;
 - (iii) stating that, the Remaining Sale Shares shall be offered to the Eligible Shareholders and if there is competition among the Eligible Shareholders for the Remaining Sale Shares within a class of Shares, the Remaining Sale Shares will be allocated to him in proportion (as nearly as may be) to his existing holding of Equity Shares (his "**Proportionate Allocation**");

- (iv) inviting him to indicate if he is willing to purchase Remaining Sale Shares in excess of his Proportionate Allocation ("**Extra Shares**") and, if so, the number of Extra Shares.
- 12.3 On expiry of an offer made in accordance with article 12.2 (or sooner if applications or refusals have been received from all Eligible Shareholders), the Company shall allocate the Remaining Sale Shares as follows:
 - (a) if the total number of Remaining Sale Shares applied for is equal to or less than the number of Remaining Sale Shares, each Eligible Shareholder shall be allocated the number applied for by him; or
 - (b) if the total number of Remaining Sale Shares applied for is more than the available number of Remaining Sale Shares, each Eligible Shareholder shall be allocated his Proportionate Allocation or, if less, the number of Remaining Sale Shares for which he has applied;
 - (c) applications for Extra Shares shall be allocated in accordance with such applications or, in the event of competition, among those Eligible Shareholders applying for Extra Shares in proportion to their Proportionate Allocations but so that no applicant shall be allocated more Extra Shares than he has applied for and so that if there is a surplus further allocations shall be made on the same basis (and if necessary more than once) until all Remaining Shares have been allocated; and
 - (d) fractional entitlements shall be rounded to the nearest whole number.
- 12.4 The Company shall give written notice of allocation (an "**Allocation Notice**") to the Seller which shall specify the number of Sale Shares to be allocated to the Company or an Employee Trust and of any Remaining Sale Shares allocated to each applicant and the place and time (being not less than 7 nor more than 14 days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares.
- 12.5 On service of an Allocation Notice, the Seller shall, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it.
- 12.6 If the Seller fails to comply with the provisions of article 12.5:
 - (a) the chairman of the Directors or, failing him, one of the Directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller:
 - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the applicants;
 - (ii) receive the transfer price and give a good discharge for it and (subject to the transfer being duly stamped) enter each applicant in the register of members as the holders of the Sale Shares allocated to him; and
 - (b) the Company shall pay the transfer price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered to the Company his certificate(s) for the relevant Shares (or a suitable indemnity).
- 12.7 If an Allocation Notice does not relate to all the Sale Shares then, subject to article 12.8, the Seller may, within eight weeks after service of the Allocation Notice, transfer the unsold Sale Shares not included within the Allocation Notice to any person at a price at least equal to the Transfer Price.

12.8 The right of the Seller to transfer Shares under article 12.7 does not apply if the Board is of the opinion on reasonable grounds that:

- (a) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
- (b) the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.

13. Valuation of Shares

13.1 If no price is agreed between the Seller and the Board then, upon service of the Transfer Notice the Board shall appoint an expert valuer in accordance with article 13.2 (the "**Expert Valuer**") to certify the Fair Value of the Sale Shares or if the Fair Value has been certified by Expert Valuer within the preceding 12 weeks, such certified Fair Value shall apply.

13.2 The Expert Valuer will be the Auditors unless this is not agreed by the Seller and the Board in which case it will be an independent firm of Chartered Accountants to be agreed between the Board and the Seller or failing agreement within 10 Business Days after the date of service of the Transfer Notice to be nominated by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party and appointed by the Company.

13.3 The "**Fair Value**" of the Sale Shares shall be determined by the Expert Valuer on the following assumptions and bases:

- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer;
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (c) that the Sale Shares are capable of being transferred without restriction;
- (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
- (e) reflect any other factors which the Expert Valuer reasonably believes should be taken into account.

13.4 The Expert Valuer shall be requested to determine the Fair Value within 20 Business Days of its appointment and to notify the Board and the Seller of its determination. The Expert Valuer shall act as experts and not as arbitrators and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).

13.5 The cost of obtaining the certificate shall be paid by the Company unless the Sale Price certified by the Expert Valuer is less than the price (if any) offered by the Directors to the Seller for the Sale Share before the Expert Valuer was instructed in which case the Seller shall bear the cost.

14. Compulsory transfers – general

- 14.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of that Share at a time determined by the Directors.
- 14.2 If a Shareholder which is a company, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets, the relevant Shareholder (and all its Permitted Transferees) shall be deemed to have given a Transfer Notice in respect of all the Shares held by the relevant Shareholder and its Permitted Transferees save to the extent that, and at a time, the Directors may determine.
- 14.3 If a Permitted Transferee ceases to be a Permitted Transferee of the Original Shareholder, the Permitted Transferee must not later than five Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or another Permitted Transferee of the Original Shareholder without restriction as to price or otherwise, failing which it will be deemed to have given a Transfer Notice in respect of those Shares.
- 14.4 On the death, bankruptcy, liquidation, administration or administrative receivership of a Permitted Transferee (other than a joint holder) his personal representatives or trustee in bankruptcy, or its liquidator, administrator or administrative receiver must within five Business Days after the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee without restriction as to price or otherwise. The transfer shall be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder. If the transfer is not executed and delivered within five Business Days of such period or if the Original Shareholder has died or is bankrupt or is in liquidation, administration or administrative receivership, the personal representative or trustee in bankruptcy or liquidator, administrator or administrative receiver will be deemed to have given a Transfer Notice. In respect of any Permitted Transferee of a Founder who is deemed to have given a Transfer Notice under this Article 14.4, then the provisions of Article 11.5(c) shall apply in relation to the Shares the subject of such Transfer Notice but so that references to the Privileged Relation therein shall be to the Permitted Transferee.
- 14.5 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of his death the Directors may require the legal personal representatives of that deceased Shareholder either:
- (a) to effect a Permitted Transfer of such Shares (including for this purpose an election to be registered in respect of the Permitted Transfer) or in the case of a deceased Founder a transfer to the other Founder; or
 - (b) to show to the satisfaction of the Directors that a Permitted Transfer, or in the case of a deceased Founder a transfer to the other Founder, will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder.

If either requirement in this article 14.5 shall not be fulfilled to the satisfaction of the Directors a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that, the Directors may otherwise determine. Where the deceased Shareholder is a Founder and a Transfer Notice is deemed given under this Article 14.5 then the provisions of Article 11.5(c) shall apply in relation to the Shares the subject of such Transfer Notice but so that references to the Privileged Relation therein shall be to the legal representatives of such deceased Founder.

15. Compulsory sale – Leavers

15.1 Unless the Board determines that this article 15.1 shall not apply, if an Employee becomes a Leaver, the Employee shall be deemed to have given a Transfer Notice on the Effective Termination Date in respect of all the Equity Shares relating to such Employee (including any Equity Shares held by the Employee or his Permitted Transferees) (the "Relevant Employee Shares"). The Board may decide that a Transfer Notice shall be deemed to have been served in respect of only some of the Relevant Employee Shares.

15.2 In such circumstances the Transfer Price shall be as follows:

- (a) where the Employee ceases to be an Employee by reason of being a Bad Leaver, the lower of Fair Value and the original subscription price of the Relevant Employee Shares;
- (b) where the Relevant Employee ceases to be an Employee by reason of being a Good Leaver, the Fair Value.

For the purposes of this Article, Fair Value shall be as agreed or determined in accordance with Article 13.3.

15.3 For the purposes of this Article, the Relevant Employee Shares subject to this Article 15 shall be offered in the following order of priority:

- (a) to any person(s) approved by the Board; and/or
- (b) to the Company (subject always to the provisions of the Act) for buy-back or acquisition by an Employee Trust.

16. Drag-along

16.1 If the holders of more than 65% of the Equity Shares including HF and all the Shares of one of the Founders (the "**Selling Shareholders**") wish to transfer all their interest in Shares (the "**Sellers' Shares**") to a Proposed Purchaser, the Selling Shareholders shall have the option (the "**Drag Along Option**") to require all the other holders of Shares (the "**Called Shareholders**") to sell and transfer all their Shares (the "**Called Shares**") to the Proposed Purchaser or as the Proposed Purchaser shall direct in accordance with the provisions of this article 16.

16.2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "**Drag Along Notice**") to the Company (which the Company shall immediately send to the Called Shareholders) at any time before the transfer of the Sellers' Shares to the Proposed Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Called Shares under this article 16, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this article 16) and the proposed date of transfer.

16.3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Proposed Purchaser within 40 Business Days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

16.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Proposed Purchaser for the Called

Shares and the Sellers' Shares were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of article 7.

- 16.5 Any Called Shareholder shall be deemed to sell his Called Shares with full title guarantee and to give a warranty that he has capacity to sell such Called Shares. No Drag Along Notice may require a Called Shareholder to agree to any terms except those specifically provided for in this article 16.
- 16.6 Within five Business Days of the Company serving a Drag Along Notice on the Called Shareholders (or such longer period as is specified in the Drag Along Notice), the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Purchaser or as the Proposed Purchaser shall direct, together with the relevant share certificate(s) (or an indemnity for a lost certificate in a form acceptable to the Directors) to the Company. On or before the expiration of that five Business Day period (or such longer period as is specified in the Drag Along Notice) the Company shall pay the Called Shareholders, on behalf of the Proposed Purchaser, the amounts they are due pursuant to article 16.4 to the extent that the Company has received these amounts in cleared funds from the Proposed Purchaser. The Company's receipt for the amounts due pursuant to article 16.4 shall be a good discharge to the Proposed Purchaser. The Company shall hold the amounts due to the Called Shareholders pursuant to article 16.4 in trust for the Called Shareholders without any obligation to pay interest.
- 16.7 To the extent that the Proposed Purchaser has not, on or before the expiration of such five Business Day period (or such longer period as is specified in the Drag Along Notice), put the Company in funds to pay the amounts due pursuant to article 16.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or an indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this article 16 in respect of their Shares.
- 16.8 If a Called Shareholder fails to deliver stock transfer forms and share certificates (or an indemnity) for its Shares to the Company before the expiration of that five Business Day period (or such longer period as is specified in the Drag Along Notice), any Director is authorised to transfer the Called Shareholder's Shares as agent on the Called Shareholder's behalf to the Proposed Purchaser (or its nominee(s)) to the extent the Proposed Purchaser has, on or before the expiration of that five Business Day period (or such longer period as is specified in the Drag Along Notice), put the Company in funds to pay the amounts due pursuant to article 16.4 for the Called Shareholder's Shares offered to him. The Board shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Called Shareholder shall surrender his share certificate for his Shares (or provide a suitable indemnity) to the Company. On surrender, he shall be entitled to the amount due to him pursuant to article 16.4.
- 16.9 Any transfer of Shares to a Proposed Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the provisions of article 12.
- 16.10 On any person, following the issue of a Drag Along Notice, becoming a Shareholder pursuant to the exercise of a pre-existing option to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a "**New Shareholder**"), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice who shall then be bound to sell and transfer all Shares so acquired to the Proposed Purchaser or as the Proposed Purchaser may direct and the provisions of this article shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

17. Mandatory Offer on a Change of Control

- 17.1 Except in the case of Permitted Transfers and transfers pursuant to article 14, after going through the pre-emption procedure in article 12, the provisions of article 17.2 will apply if one or more Proposed Sellers propose to transfer in one or a series of related transactions any Equity Shares (the "**Proposed Transfer**") which would, if put into effect, result in any Proposed Purchaser (and Associates of his or persons Acting in Concert with him) acquiring a Controlling Interest in the Company.
- 17.2 A Proposed Seller must, before making a Proposed Transfer procure the making by the Proposed Purchaser of an offer (the "**Offer**") to the other Shareholders to acquire all of the Equity Shares for a consideration per share the value of which is at least equal to the Specified Price (as defined in article 17.7).
- 17.3 The Offer must be given by written notice (a "**Proposed Sale Notice**") at least 10 Business Days (the "**Offer Period**") prior to the proposed sale date ("**Proposed Sale Date**"). The Proposed Sale Notice must set out, to the extent not described in any accompanying documents, the identity of the Proposed Purchaser, the purchase price and other terms and conditions of payment, the Proposed Sale Date and the number of Shares proposed to be purchased by the Proposed Purchaser (the "**Proposed Sale Shares**").
- 17.4 If any other holder of Equity Shares is not given the rights accorded him by this Article, the Proposed Sellers will not be entitled to complete their sale and the Company will not register any transfer intended to carry that sale into effect.
- 17.5 If the Offer is accepted by any Shareholder (an "**Accepting Shareholder**") within the Offer Period, the completion of the Proposed Transfer will be conditional upon the completion of the purchase of all the Equity Shares held by Accepting Shareholders.
- 17.6 The Proposed Transfer is subject to the pre-emption provisions of article 12 but the purchase of the Accepting Shareholders' Shares shall not be subject to article 12.
- 17.7 For the purpose of this article:
- (a) the expression "**Specified Price**" shall mean in respect of each Share a sum in cash equal to the highest price per Share offered or paid by the Proposed Purchaser:
 - (i) in the Proposed Transfer; or
 - (ii) in any related or previous transaction by the Proposed Purchaser or any person Acting in Concert with the Proposed Purchaser in the 12 months preceding the date of the Proposed Transfer,plus an amount equal to the Relevant Sum, as defined in article 17.7(b), of any other consideration (in cash or otherwise) paid or payable by the Proposed Purchaser or any other person Acting in Concert with the Proposed Purchaser, which having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Shares (the "**Supplemental Consideration**") provided that the total consideration paid by the Proposed Purchaser in respect of the Proposed Transfer is distributed to the Proposed Seller and the Accepting Shareholders subject to the provisions of article 7;
 - (b) Relevant Sum = $C \div A$

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

C = the Supplemental Consideration.

18. Purchase of own Shares

Subject to the Act, the Company may purchase its own Shares out of capital otherwise than in accordance with Chapter 5 of Part 18 of the Act, to the extent permitted by section 692(1ZA) of the Act.

19. Quorum

- 19.1 A meeting of shareholders shall only be quorate if at least two members are present in person or by proxy including HF for so long as it is a member.

20. Data Protection

- 20.1 The Company may process (electronically, manually or otherwise) the following categories of personal data in respect of the Shareholders and Directors:

- (a) identifying information, such as names, addresses, contact details and any other information required for the Company's statutory registers;
- (b) details of participation in the Company's affairs, such as attendance at and contribution to Company meetings and/or written resolutions, voting records etc.;
- (c) in the case of Shareholders, details of their respective shareholdings (and any other security) in the Company; and
- (d) any other information which is required to be recorded by law, regulation or court order or which may have a bearing on the prudence or commercial merits of investing, or disposing of any shares (or other investment or security), in the Company

(together, the "**Personal Data**").

- 20.2 The Company will only use the Personal Data where it has a valid legal basis to do so. The Company has a legitimate interest in processing Personal Data where it is necessary for the purposes of the proper administration of the Company and its affairs, the undertaking of due diligence exercises and compliance with applicable laws, regulations and procedures.

- 20.3 The Company will use appropriate technical and organisational measures to safeguard Personal Data. The Company will retain Personal Data for no longer than is reasonably required.

- 20.4 The Company may disclose Personal Data to:

- (a) other Shareholders and Directors (each a "**Recipient**");
- (b) a Member of the same Group as a Recipient ("**Recipient Group Companies**");
- (c) employees, directors and professional or financial advisers of that Recipient or the Recipient Group Companies;
- (d) funds managed by any of the Recipient Group Companies and their respective professional or financial advisers; and

- (e) current or potential investors in the Company or purchasers of the Company's shares,

provided always that the Company takes reasonable steps to ensure that Personal Data is treated in accordance with relevant data protection laws. The Personal Data will only be processed and stored within the European Economic Area *except* to the extent permitted by law.