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THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

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THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
TWIN SCIENCE & ROBOTICS UK LIMITED

INTRODUCTION

1 INTERPRETATION

1.1 The following definitions and rules of interpretation apply in these Articles:

1.1.1 **"A Director"** means a director appointed to the board of Directors by the A Ordinary Shareholders. The A Directors at the Adoption Date shall be Omer Gorgulu, Asude Guray, Cihan Ozalevli and Mustafa Sapcili.

1.1.2 **"A Ordinary Shares"** means the ordinary shares of £0.01 and referred to as the A Ordinary Shares in the capital of the Company in issue from time to time and having the rights set out in these Articles.

1.1.3 **"A Ordinary Shareholder"** means a holder of A Ordinary Shares from time to time and at the Adoption Date the holders of A Ordinary Shares shall be Omer Gorgulu, Asude Guray, Cihan Ozalevli and Mustafa Sapcili.

1.1.4 **"Act"** means the Companies Act 2006.

1.1.5 **"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).

1.1.6 **"Adoption Date"** means the date of adoption of these Articles.

1.1.7 **"Articles"** means the Company's articles of association for the time being in force.

- 1.1.8 **"Available Profits"** means profits available for distribution within the meaning of part 23 of the Act.
- 1.1.9 **"B Observer"** means a non-voting observer which may be appointed or removed by the B Ordinary Shareholders;
- 1.1.10 **"B Ordinary Shares"** means the ordinary shares of £0.01 and referred to as the B Ordinary Shares in the capital of the Company in issue from time to time and having the rights set out in these Articles;
- 1.1.11 **"B Ordinary Shareholder"** means a holder of B Ordinary Shares from time to time and at the Adoption date the holders of B Ordinary Shares shall be B3 Girisim Danismanlik A.S., Ahmet Bozer, Erdem Yilmazturk, Sinan Yaman, Banu Kisaturek, Azis Emre Gunel, Pamir Gelenbe, Asuman Sener, Orhan Ayankar and Onur Canlitepe, Erinc Ozada, Ahmet Dik, Umur Hursever, Ali Hikmet Karabey and Ali Yuceulug;
- 1.1.12 **"Bad Leaver"** means:
- 1.1.12.1 in relation to an Employee that person's dismissal as an Employee for cause, where "cause" shall mean: (i) the lawful termination of that person's contract of employment or consultancy without notice or payment in lieu of notice as a consequence of that person's misconduct or as otherwise permitted pursuant to the terms of that person's contract of employment or consultancy; and/or (ii) that person's fair dismissal pursuant to section 98(2) (a) (capability) or 98(2) (b) (conduct) of the Employment Rights Act 1996;
- 1.1.12.2 in relation to an A Ordinary Shareholder:
- (i) if he transfers any of his shareholding within the Lock Up Period;
 - (ii) if there is a breach of articles 17 and/or 20 without the consent of the Investor Majority;
 - (iii) is guilty of wilful misconduct in relation to any director or management duties he may have under these Articles or any relevant agreements or commits a material breach of the aforesaid duties;
 - (iv) is subject to any personal insolvency proceedings which have a material adverse effect on the Company; and

- (v) he pledges or creates any encumbrance over any of his A Ordinary Shares; and
- 1.1.13 **"Business Day"** means a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.
- 1.1.14 **"C Ordinary Shares"** means ordinary shares of £0.01 each in the capital of the Company in issue from time to time and having the rights set out in these Articles.
- 1.1.15 **"C Ordinary Shareholder"** means a holder of C Ordinary Shares from time to time.
- 1.1.16 **"Chairman"** has the meaning given to it in article 6.7, at the Adoption Date the chairman shall be Asude Guray.
- 1.1.17 **"Company"** means Twin Science & Robotics UK Limited, a private limited liability company incorporated in England and Wales under company number 12768352.
- 1.1.18 **"Company's Lien"** has the meaning given to it in article 26.1.
- 1.1.19 **"connected"** has the meaning given in section 252 of the Act.
- 1.1.20 **"Connected Person"** has the meaning given in section 1122 of the Corporate Taxation Act 2010.
- 1.1.21 **"Controlling Interest"** means an interest in Shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010.
- 1.1.22 **"Deemed Transfer Notice"** means a Transfer Notice which is deemed to have been served by any of the provisions of these Articles.
- 1.1.23 **"Departing Employee"** means an Employee who ceases to be a director or employee of, or consultant to the Company.
- 1.1.24 **"Directors"** means the directors of the Company from time to time.
- 1.1.25 **"Disposal"** means the disposal by the Company of all, or a substantial part of, its business and assets to a bona fide purchaser on arm's-length terms.

- 1.1.26 **"Disposal Proceeds"** means the consideration payable whether in cash or otherwise to the Company under a Disposal (less any fees and expenses payable by the Company under that Disposal).
- 1.1.27 **"Eligible Director"** means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter).
- 1.1.28 **"Employee"** means an individual who is, or has been, a director and/or an employee of, or who does provide or has provided consultancy services to, any Group Company.
- 1.1.29 **"Equity Shares"** means the A Ordinary Shares, the B Ordinary Shares and the C Ordinary Shares.
- 1.1.30 **"Fair Value"** has the meaning given in article 18.2.
- 1.1.31 **"Financial Year"** means an accounting reference period (as defined in section 391 of the Act) of the Company.
- 1.1.32 **"Good Leaver"** means a C Ordinary Shareholder who ceases to be an Employee and who is not a Bad Leaver.
- 1.1.33 **"Group"** means the Company, any subsidiary or any holding company from time to time of the Company, and any subsidiary from time to time of a holding company of the Company from time to time and **"Group Company"**: shall be construed accordingly.
- 1.1.34 **"holding company"** has the meaning given in article 1.10.
- 1.1.35 **"Independent Expert"** means the accountants for the time being of the Company or, if they decline the instruction, an independent firm of accountants jointly appointed by the Company and the Seller or, in the absence of agreement between the Company and the Seller on the identity of the expert within fifteen Business Days of the expiry of the Business Day period referred to in article 18.1, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator).

- 1.1.36 **"Investor Majority"** means the holders of equal to or not less than 51% of the voting Shares excluding those Shares held by any (i) A Ordinary Shareholder or any person who is a Connected Person with an A Ordinary Shareholder; (ii) executive director; or (iii) employee of the Group.
- 1.1.37 **"Issue Price"** means in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium.
- 1.1.38 **"Lock Up Period"** means the period from 23 August 2019 to 23 August 2021.
- 1.1.39 **"Lien Enforcement Notice"** means a notice in writing which complies with the requirements of article 27.2.
- 1.1.40 **"Majority"** means the number of Shares equal to not less than 51% of the entire issued share capital of the Company from time to time.
- 1.1.41 **"Model Articles"** means the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (*SI 2008/3229*), as amended prior to the Adoption Date.
- 1.1.42 **"Post Investment Valuation"** means the sum of five million, one hundred thousand pounds (£5,100,000).
- 1.1.43 **"Relevant Securities"** means any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than:
- 1.1.43.1 the grant of any options under a Share Option Scheme (and the issue of Shares on the exercise of any such options);
- 1.1.43.2 any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles; and
- 1.1.43.3 any Shares or other securities issued in consideration of the acquisition by the Company of any company or business which has been approved by an Investor Majority.
- 1.1.44 **"Relevant Shares"** means in relation to an Employee means all Shares held by the Employee in question.
- 1.1.45 **"Restricted Matters"** means;

- (i) any transfer(s) of the Company's intellectual property rights or any material assets;
- (ii) the entry into any contractual arrangements causing a debt not agreed by the A Ordinary Shareholders and B Ordinary Shareholders in a business plan from time to time;
- (iii) the creation of any encumbrance over the assets or share capital of the Company;
- (iv) any transactions not on an arms-length basis;
- (v) any insolvency proceedings being instigated against the Company; and
- (vi) any merging or disposal of the Company or its assets.

- 1.1.46 **"Sale Shares"** has the meaning given in article 17.2.1.
- 1.1.47 **"Seller"** has the meaning given in article 17.2.
- 1.1.48 **"Shareholder"** means a holder for the time being of any Share or Shares.
- 1.1.49 **"Share Option Scheme"** means any share option scheme of the Company approved by a Majority as being a Share Option Scheme for the purposes of these Articles.
- 1.1.50 **"Shares"** means shares (of any class) in the capital of the Company and **"Share"**: shall be construed accordingly.
- 1.1.51 **"subsidiary"** has the meaning given in article 1.10.
- 1.1.52 **"Termination Date"** means
 - 1.1.52.1 where employment ceases by virtue of notice given by the employer to the employee, the date on which notice of termination was served;
 - 1.1.52.2 where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;
 - 1.1.52.3 where an Employee dies, the date of his death;

- 1.1.52.4 where the Employee concerned is a director but not an employee, the date on which his service agreement (or other terms of appointment) with the relevant Group Company is terminated; or
- 1.1.52.5 in any other case, the date on which the employment or holding of office is terminated.
- 1.1.53 **"Transfer Notice"** has the meaning given in article 17.2.
- 1.1.54 **"Transfer Price"** has the meaning given in article 18.
- 1.1.55 **"Writing or written"** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, in relation to a Transfer Notice (or Deemed Transfer Notice), "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax).
- 1.2 Headings in these Articles shall not affect the interpretation of these Articles.
- 1.3 Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.
- 1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.5 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date).
- 1.6 A reference in these Articles to:
- 1.6.1 an **Article** is a reference to the relevant numbered article of these Articles; and
- 1.6.2 a **model article** is a reference to the relevant article,
unless expressly provided otherwise.

- 1.7 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.10 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:
- 1.10.1 another person (or its nominee), by way of security or in connection with the taking of security; or
- 1.10.2 its nominee.
- 1.11 In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Act shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.
- 2 ADOPTION OF THE MODEL ARTICLES**
- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in

any statutory instrument or other subordinate legislation. A copy is set out in the schedule to these Articles.

- 2.2 Model article 20 shall be amended by the insertion of the words "and the secretary" before the words "properly incur".
- 2.3 In model article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.4 Model article 29 shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name".

DIRECTORS

3 NUMBER OF DIRECTORS

- 3.1 Unless otherwise determined by ordinary resolution, the number of Directors shall not be less than two and shall at the Adoption Date consist of four A Directors. Whilst the holders of the A Ordinary Shares hold a Majority they shall be entitled to appoint up to four A Directors.
- 3.2 In the event that the holders of the A Ordinary Shares do not hold a Majority the A Ordinary Shareholders shall be entitled to appoint two A Directors only hence two of the existing A Directors shall be terminated and the B Ordinary Shareholders shall be entitled to appoint two individuals as directors of the Company.

4 PROCEEDINGS OF DIRECTORS

- 4.1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with article 4.2 (subject to article 4.3 and article 4.4). All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made only by resolution and resolutions at any meeting of the Directors (or committee of the Directors) shall be decided by a majority of votes.
- 4.2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.

- 4.3 A decision taken in accordance with article 4.2 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 4.4 A decision may not be taken in accordance with article 4.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with article 4.6 and article 4.7.
- 4.5 Meetings of the Directors shall take place at least 4 times in each year, with a period of not more than thirteen weeks between any two meetings. Any Director may call a meeting of the Directors, or authorise the company secretary (if any) to give such notice. At least five Business Days' advance notice in writing (which shall include email) of each such meeting shall be given to each Director (except with the prior consent of a Director, when meetings of the Directors may take place less frequently or on shorter notice).
- 4.6 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be two Eligible Directors. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors acting by simple majority shall determine.
- 4.7 For the purposes of any meeting (or part of a meeting) held pursuant to article 8 to authorise a Conflict (as defined in article 8.1), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 4.8 If the number of Directors in office for the time being is less than two, the Director in office must not take any decision other than a decision to:
- 4.8.1 appoint further Directors; or
- 4.8.2 call a general meeting so as to enable the Shareholders to appoint further Directors.
- 4.9 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the Chairman (or other chairman of the meeting) shall have a second or casting vote.

- 4.10 Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye.
- 4.11 The Directors may appoint any committee(s) to advise the Directors as they see fit. The Directors shall in their sole discretion decide whether to adopt the advice of any such committee from time to time.
- 4.12 Two A Directors, being Omer Gorgulu and Asude Guray, shall have the authority to represent and bind the Company separately.

5 APPOINTMENT AND REMOVAL OF DIRECTORS

- 5.1 Model article 17(1) shall be modified by the inclusion, at the end of that model article, of the words "provided that the appointment does not cause the number of Directors to exceed the maximum number set out in article 3 of these Articles".
- 5.2 Model article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:
- 5.2.1 he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director;
- 5.2.2 a majority of the other Directors resolve that he cease to be a Director; and
- 5.2.3 in the case of an executive Director only, he shall cease to be employed by the Company or other Group Company (as appropriate) and does not continue as an employee of any other Group Company.

6 DIRECTORS, CHAIRMAN AND OBSERVER

- 6.1 The B Ordinary Shareholders shall from time to time have the right to appoint, by notice in writing addressed to the Company, and to maintain one person as a B Observer and to remove any such B Observer and to appoint a replacement.
- 6.2 Any appointment or removal of a B Observer made in accordance with article 6.1 shall take immediate effect upon receipt (or deemed receipt) by the Company of such notice in writing, or the production of such notice at a meeting of the Directors or, if later, the date (if any) specified in such notice.

- 6.3 A B Observer shall be entitled to receive notice of all meetings of the Directors (and committees of the Directors), copies of all board papers and to attend, propose resolutions and speak at, but not vote at, any meeting of the Directors (and committees of the Directors).
- 6.4 Subject to the A Ordinary Shareholders holding a Majority they shall from time to time have the right to nominate four persons (whether individuals or bodies corporate) to be A Directors. The A Ordinary Shareholders whilst they hold a Majority shall from time to time have the right, by notice in writing addressed to the Company to remove any such A Director and to appoint a replacement.
- 6.5 Any appointment or removal of an A Director made in accordance with article 6.4 shall take immediate effect upon receipt (or deemed receipt) by the Company of such notice in writing, or the production of such notice at a meeting of the Directors or, if later, the date (if any) specified in such notice.
- 6.6 A Director shall be entitled to compensation for the reasonable travel and accommodation expenses of a Director incurred in the rendering of his services to the Company.
- 6.7 The A Directors may, appoint any person as chairman of the board of Directors ("**Chairman**") and may remove and replace any such Chairman.
- 7 TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**
- 7.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- 7.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- 7.1.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of the Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;

- 7.1.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- 7.1.4 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;
- 7.1.5 may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- 7.1.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

8 DIRECTORS' CONFLICTS

- 8.1 The Directors may, in accordance with the requirements set out in this article 8, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an "**Interested Director**") breaching his duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**").
- 8.2 Any authorisation under this article 8 will be effective only if:
 - 8.2.1 the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles;
 - 8.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - 8.2.3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 8.3 Any authorisation of a Conflict under this article 8 may (whether at the time of giving the authorisation or subsequently):

- 8.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- 8.3.2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict;
- 8.3.3 provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict;
- 8.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
- 8.3.5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
- 8.3.6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.
- 8.4 Where the Directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 8.5 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 8.6 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested (including by the holding of shares) in his appointor(s) and no authorisation under article 8.1 shall be necessary in respect of any such interest.

- 8.7 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

9 SECRETARY

The Directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the Directors so decide, appoint a replacement, in each case by a decision of the Directors.

SHARES AND DISTRIBUTIONS

The A Ordinary Shares and C Ordinary Shares shall rank pari passu in all respects but shall constitute separate classes of shares.

10 DIVIDENDS

- 10.1 During the Lock Up Period no dividends will be distributed out of Available Profits without the approval of a Majority.
- 10.2 On expiry of the Lock Up Period the Available Profits in any Financial Year may be distributed by way of dividends with the approval of the Shareholders voting by ordinary resolution.
- 10.3 Each dividend shall be distributed to the appropriate Shareholders pro rata according to the number of Shares held by them respectively and shall accrue daily (assuming a 365 day year) as well after as before the commencement of a winding up. All dividends are expressed net and shall be paid in cash.

11 LIQUIDATION PREFERENCE

- 11.1 On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of Shares), the assets of the Company remaining after the payment of its liabilities shall be applied (to the extent that the Company is

lawfully able to do so) in the following order of priority if the value of the assets so remaining is less than the Post Investment Valuation:

- 11.1.1 first, in paying to the holders of the B Ordinary Shares an amount equal to the Issue Price for their respective B Ordinary Shares in the Company; and
- 11.1.2 secondly, in distributing the balance to the holders of the A Ordinary Shares and the C Ordinary Shares pro-rata to their respective shareholdings.
- 11.2 On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of Shares), if the value of the assets of the Company remaining after the payment of its liabilities is equal to or more than the Post Investment Valuation, the assets of the Company shall be applied (to the extent that the Company is lawfully able to do so) to the holders of the Equity Shares pro-rata to their respective shareholdings as if the Equity Shares constituted one class.

12 DISPOSALS

- 12.1 In the event of a Disposal approved by the Directors ("**Proposed Disposal**"), the terms of the Proposed Disposal shall be circulated to the Shareholders for approval either by written resolution or at a duly convened meeting of the Shareholders. The Proposed Disposal shall be approved by a simple majority of the Shareholders voting in favour of the Proposed Disposal. Once the Proposed Disposal is so approved all the holders of Equity Shares shall consent to, vote for, raise no objections to and waive any applicable rights in connection with the Proposed Disposal.
- 12.2 On a Disposal, the Disposal Proceeds shall be distributed in the order of priority set out in article 11. Each Shareholder shall take any action (to the extent lawful) required by the Company to ensure that the balance of the Disposal Proceeds are distributed in the order of priority set out in article 11.

13 VARIATION OF CLASS RIGHTS

- 13.1 Whenever the share capital of the Company is divided into different classes of Shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 90% in nominal value of the issued Shares of that class.

14 ANTI-DILUTION

14.1 If the Company issues any Relevant Securities without consideration or for a consideration per Share less than the Issue Price of the B Ordinary Shares (a "**Qualifying Issue**"), the Company shall make a bonus issue of such number of B Ordinary Shares ("**Anti-Dilution Shares**") to each holder for the time being of B Ordinary Shares (unless and to the extent that any such holder of B Ordinary Shares has specifically waived his rights under this article 14 in writing) (each an "**Exercising Investor**") as shall be calculated in accordance with article 14.2.

14.2 The number of Anti-Dilution Shares to be issued to each Exercising Investor shall be the number equal to N (rounded down to the nearest whole number), where N is calculated as follows:

$$N = [(PIP / WA) \times Z] - Z$$

Where:

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

DRP = the Issue Price (in pounds sterling) per Relevant Security of the Qualifying Issue.

PIP = the Issue Price of each B Ordinary Share subscribed for by the relevant Exercising Investor.

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

$$WA = [(PIP \times SC) + (DRP \times NS)] / (SC + NS)$$

SC = the total number of Shares in the issued equity share capital of the Company, plus the total number of Shares which would result from the exercise of all existing options, warrants, conversion rights and all other rights to acquire Shares, in each case immediately prior to the Qualifying Issue.

NS = the total number of Relevant Securities issued pursuant to the Qualifying Issue.

14.3 The Anti-Dilution Shares shall:

- 14.3.1 be paid up by the automatic capitalisation of available reserves of the Company (without any further authority required than that contained in these Articles);
- 14.3.2 within fifteen (15) Business Days of the date of the Qualifying Issue be issued to the relevant Exercising Investors in accordance with article 14.2 and credited as fully paid up in cash; and
- 14.3.3 shall rank pari passu in all respects with the existing B Ordinary Shares.
- 14.4 In the case of an issue of Relevant Securities for a consideration in whole or in part other than in cash, the Issue Price of each Relevant Security for the purposes of article 14.1 and article 14.2 shall be a price certified by the Independent Expert (acting as experts and not as arbitrators) as being, in their opinion, the current cash value of the non-cash consideration for the allotment of the Relevant Securities.
- 14.5 If there is a dispute between the Company and any holder for the time being of B Ordinary Shares as to the operation of this article 14, the matter shall be referred (at the cost of the Company) to the Independent Expert who shall determine the number of Anti-Dilution Shares to be issued.
- 14.6 The Independent Expert's determination of any matter under this article 14 shall, in the absence of manifest error, be final and binding on the Company and each of its Shareholders.

15 PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES

- 15.1 Subject to the remaining provisions of this article 15, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to:
 - 15.1.1 offer or allot;
 - 15.1.2 grant rights to subscribe for or to convert any security into; and
 - 15.1.3 otherwise deal in, or dispose of,
- any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper.

- 15.2 The authority referred to in article 15.1:
- 15.2.1 shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution; and
- 15.2.2 may only be exercised for a period of five years from the Adoption Date save that, subject to these Articles, the Directors may make an offer or agreement which would, or might, require any Shares to be allotted after the expiry of such authority (and the Directors may allot Shares in pursuance of an offer or agreement as if such authority had not expired).
- 15.3 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 15.4 Unless otherwise agreed by special resolution, if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to the holders (on the date of the offer) of the Equity Shares (each an "**Offeree**") on a pari passu basis (as if they constituted Shares of the same class) and in the respective proportions that the number of Equity Shares held by each such holder bears to the total number of Equity Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person.
- 15.5 An offer made under article 15.4 shall:
- 15.5.1 be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
- 15.5.2 remain open for a period of at least ten (10) Business Days from the date of service of the offer; and
- 15.5.3 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 15.4 shall, in his acceptance, state the number of excess Relevant Securities (the "**Excess Securities**") for which he wishes to subscribe.
- 15.6 If, on the expiry of an offer made in accordance with article 15.4, the total number of Relevant Securities applied for is less than the total number of

Relevant Securities so offered, the Directors shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.

15.7 Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with article 15.4 shall be used to satisfy any requests for Excess Securities made pursuant to article 15.5.3. 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 Shares held by each such applicant bears to the total number of Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him). After those allotments, any Excess Securities shall, subject to article 15.10, be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.

15.8 No Shares shall be allotted to any current or prospective employee or director of any Group Company unless such person shall first have entered into a joint election with the relevant Group Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

16 TRANSFERS OF SHARES: GENERAL

16.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal 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 unless otherwise indicated, but it does not include, the following situations where the holder subscribed for or purchased the Share as nominee for one or more beneficial owners:

16.1.1 the transfer, assignment or other disposal of a beneficial or other interest in, or the creation of a trust or encumbrance over or the renunciation or assignment of any rights to receive or subscribe for a beneficial or other interest in, a Share provided that the nominee that holds a legal interest in such Share remains the same; or

16.1.2 the transfer, assignment or other disposal of a legal interest in, or the creation of a trust or encumbrance over or the renunciation or assignment of any rights to receive or subscribe for a legal interest in, a Share from the nominee to (i) any

person who has a beneficial or other interest in that Share and/or (ii) any person who is to hold such Share for the relevant beneficial owner in substitution for the then registered legal shareholder, provided that notice of such transfer is given to the Company.

- 16.2 The holders of the Equity Shares are not permitted to sell, transfer or dispose of their Shares (as is applicable) within the Lock Up Period.
- 16.3 Notwithstanding article 16.2 on the expiry of the Lock Up Period an A Ordinary Shareholder can dispose, sell or transfer shares equal to 10% of the number of A Ordinary Shares held by him (a “**Permitted Percentage**”). Any sale, disposal or transfer of the A Ordinary Shares by any A Ordinary Shareholder in excess of the Permitted Percentage shall require the approval of the Investor Majority.
- 16.4 On expiry of the Lock Up Period the Permitted Percentage limit contained in article 16.3 shall not apply to the B Ordinary Shareholders.
- 16.5 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to article 16.7, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 16.6 If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall save with the consent of the Investor Majority to the contrary, be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.
- 16.7 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may require:
- 16.7.1 any holder (or the legal representatives of a deceased holder); or
- 16.7.2 any person named as a transferee in a transfer lodged for registration; or
- 16.7.3 such other person as the Directors may reasonably believe to have information relevant to that purpose,
- to provide the Company with any information and evidence that the Directors think fit regarding any matter which they deem relevant to that purpose.

16.8 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that:

16.8.1 it does not contain a **Minimum Transfer Condition**; and

16.8.2 the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice).

16.9 Any Transfer Notice (but not an Offer Notice (as defined in article 20) or a Drag Along Notice (as defined in article 22) served in respect of the transfer of any Share which has not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of a Deemed Transfer Notice.

17 PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

17.1 Except where the provisions of article 16, article 19 or article 21 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this article 17.

17.2 A Shareholder who wishes to transfer Shares (a “**Seller**”) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a “**Transfer Notice**”) to the Company specifying:

17.2.1 the number of Shares he wishes to transfer (the “**Sale Shares**”);

17.2.2 the name of the proposed transferee, if any;

17.2.3 subject to article 19.4, the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (the “**Proposed Sale Price**”); and

17.2.4 whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a “**Minimum Transfer Condition**”).

17.3 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

17.4 As soon as practicable following the later of:

- 17.4.1 receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and
- 17.4.2 the determination of the Transfer Price,
- the Directors shall offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 17 at the Transfer Price. Each offer shall be in writing and shall give details of the number and Transfer Price of the Sale Shares offered.
- 17.5 An offer of Sale Shares made in accordance with this article 17 shall remain open for acceptance for a period from the date of the offer to the date thirty (30) Business Days after the offer (both dates inclusive).
- 17.6 The Directors shall offer the Sale Shares to the Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date thirty (30) Business Days after the offer (both dates inclusive) (the "**First Offer Period**") for the maximum number of Sale Shares they wish to buy.
- 17.7 If:
- 17.7.1 at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to the applying Shareholders pro-rata to their existing shareholdings bears to the total number of Shares of the class being offered. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors. No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy;
- 17.7.2 not all Sale Shares are allocated following allocations in accordance with article 17.7.1, but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 17.7.1. The procedure set out in this article 17.7.2 shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied.

18 VALUATION

- 18.1 The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Directors (any Director with whom the Seller is connected not voting), acting with the consent of the Investor Majority, and the Seller or, in default of agreement within fifteen (15) Business Days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the board of Directors first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.
- 18.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:
- 18.2.1 valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
- 18.2.2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- 18.2.3 that the Sale Shares are capable of being transferred without restriction;
- 18.2.4 valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
- 18.2.5 reflecting any other factors which the Independent Expert reasonably believes should be taken into account.
- 18.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 18.4 The Directors will give the Independent Expert access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.

- 18.5 The parties are entitled to make submissions to the Independent Expert and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.
- 18.6 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 18.7 The Independent Expert shall be requested to determine the Fair Value within twenty (20) Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 18.8 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs.

19 COMPULSORY TRANSFERS

- 19.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer notice in respect of that Share at such time as the Directors may determine.
- 19.2 If a Shareholder which is a body corporate either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that Shareholder shall be deemed to have given a Transfer Notice in respect of all Shares held by it at such time as the Directors may determine.
- 19.3 If an Employee becomes a Departing Employee a Transfer Notice shall, unless the Directors otherwise direct in writing in respect of any particular Relevant Shares prior to or within five (5) Business Days after the relevant Termination Date, be deemed to have been served on the relevant Termination Date in respect of all Relevant Shares and any Transfer Notice served in respect of any of such Relevant Shares before the date such Employee becomes a Departing Employee shall automatically lapse.

- 19.4 Notwithstanding any other provisions of these Articles, the Transfer Price shall, where the Departing Employee or A Ordinary Shareholder:
- 19.4.1 is a Bad Leaver, be restricted to a maximum of the lower of the aggregate Issue Price of such Sale Shares and the aggregate Fair Value of such Sale Shares; and
- 19.4.2 is a Good Leaver, be the aggregate Fair Value of such Sale Shares.
- 19.5 Notwithstanding the provisions of article 19.4, the Directors may with the consent of the Investor Majority, by notice in writing served on the Company and the relevant Seller(s), direct that some higher (but not lower) Transfer Price shall apply to any or all Sale Shares which would otherwise be subject to article 20.4.
- 19.6 Where a Shareholder holds a legal interest in a Share on behalf of another person and the Company is on notice of such arrangement, the provisions of Articles 19.1 and 19.2 shall not apply to such Shareholder, and instead if such a Shareholder suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it (or a material part of its business) or enters into a composition or arrangement with its creditors generally, then:
- 19.6.1 if the Shareholder notifies the Company of its intention to transfer the legal interest in the relevant Shares within one month from the date of such appointment or composition or arrangement, then the Company shall, together with such Shareholder, take such steps as may be reasonably be required to effect such a transfer of the legal interest of the relevant Shares; and
- 19.6.2 if the Shareholder fails to notify the Company in accordance with Article 19.6.1, then a Transfer Notice shall be deemed to have been given in respect of such Shares on such date as the Directors determine.
- 20 TAG ALONG**
- 20.1 Except in the case of transfers pursuant to articles 19 and 21, but after the operation of the pre-emption procedure set out in article 17, if any Shareholder(s) (the **"Exiting Party"**) proposes to transfer any Shares (a **"Proposed Transfer"**) as part of a transaction or series of transactions which would, if carried out, result in any person (other than a person who holds a Controlling Interest in the Company at that time or a Connected Person of such a person) (a **"Buyer"**), and any person acting in concert with the Buyer, acquiring a

Controlling Interest in the Company, then the provisions of this article 20 shall apply.

20.2 Before completing the Proposed Transfer, the Exiting Party shall procure that the Buyer makes an offer (an "**Offer**") to all the Shareholders to buy all of the Shares held by each Shareholder, for a consideration in cash per share that is at least equal to the highest price per share offered or paid by the Buyer, or any person acting in concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the six months preceding the date of the Proposed Transfer (the "**Specified Price**").

20.3 The Offer shall be made by written notice (an "**Offer Notice**"), at least 20 Business Days (the "**Offer Period**") before the proposed sale date (the "**Sale Date**") and the Offer Notice shall set out:

20.3.1 the identity of the Buyer;

20.3.2 the purchase price and other terms and conditions of payment;

20.3.3 the proposed date of the transfer; and

20.3.4 the number of Shares proposed to be purchased by the Buyer from the Shareholders (provided that such offer must be for all shares) ("**Offer Shares**").

20.4 If the Buyer fails to make the offer to the Shareholders then the Exiting Party shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer intended to effect the Proposed Transfer.

20.5 A Shareholder may choose to accept the offer with respect to all of its Shares which are Offer Shares. If the Offer is accepted by a Shareholder within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all of the Offer Shares held by such Shareholder.

21 DRAG ALONG

21.1 If the holders of 90% in aggregate of the Equity Shares in issue for the time being (the "**Selling Shareholders**") wish to transfer all of their interest in their respective Shares (the "**Sellers' Shares**") to a bona fide purchaser on arm's-length terms (the "**Proposed Buyer**"), the Selling Shareholders shall have the option (the "**Drag Along Option**") to require all the other holders of Shares on the date of the request, including the Company in respect of Shares held in

treasury, if any (the "**Called Shareholders**") to sell and transfer all their interest in their respective Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this article 20.1.

- 21.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a "**Drag Along Notice**"), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:
 - 21.2.1 that the Called Shareholders are required to transfer all their Shares ("**Called Shares**") pursuant to this article 20.1;
 - 21.2.2 the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
 - 21.2.3 the consideration payable for the Called Shares calculated in accordance with article 21.4;
 - 21.2.4 the proposed date of completion of transfer of the Called Shares.
- 21.3 Once given, a Drag Along Notice may not be revoked save with the prior consent of the Directors. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within sixty (60) Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 21.4 The consideration (in cash) 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 Buyer were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of article 11.
- 21.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 20.1.
- 21.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase

of the Sellers' Shares unless all of the Called Shareholders and the Selling Shareholders otherwise agree

- 21.7 Within five (5) Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of five (5) Business Days period the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to article 21.4 to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due pursuant to article 21.4 shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to article 21.4 in trust for the Called Shareholders without any obligation to pay interest.
- 21.8 To the extent that the Proposed Buyer has not, on the expiration of the five (5) Business Day period, put the Company in funds to pay the amounts due pursuant to article 21.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this article 20.1 in respect of their Shares.
- 21.9 If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this article 20.1.

- 21.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares, whether or not pursuant to a Share Option Scheme (a "**New Shareholder**"), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 20.1 shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares.
- 21.11 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of article 17.
- 21.12 Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

DECISION-MAKING BY SHAREHOLDERS

22 GENERAL MEETINGS

- 22.1 No business other than, subject to article 22.2, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 22.2 The Chairman shall chair general meetings. If there is no Chairman in office for the time being, or the Chairman is unable to attend any general meeting, the Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

23 VOTING

23.1 Each Share in the Company shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company.

23.2 Model article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that model article.

23.3 Model article 45(1) shall be amended by:

23.3.1 the deletion of model article 45(1)(d) and its replacement with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"; and

23.3.2 the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that model article.

24 RESTRICTED MATTERS

24.1 The Company shall not undertake any Restricted Matter without the prior written consent of a Majority.

24.2 If a Restricted Matter is to be tabled at a general meeting of the Shareholders, the Restricted Matter shall be notified in writing to the Shareholders in reasonable detail at least 15 days prior to the relevant general meeting.

25 PURCHASE OF OWN SHARES

25.1 Subject to the Act but without prejudice to any other provision of these Articles the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

25.1.1 £15,000; and

- 25.1.2 the nominal value of 5% of the Company's fully paid share capital at the beginning of each Financial Year.

26 COMPANY'S LIEN OVER SHARES

- 26.1 The Company has a lien (the **Company's Lien**) over every Share which is registered in the name of a person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.
- 26.2 The Company's Lien over a share:
- 26.2.1 takes priority over any third party's interest in that Share; and
- 26.2.2 extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share.
- 26.3 The Directors may at any time decide that a Share which is or would otherwise be subject to the Company's Lien shall not be subject to it, either wholly or in part.

27 ENFORCEMENT OF THE COMPANY'S LIEN

- 27.1 Subject to the provisions of this article 27, if:
- 27.1.1 a Lien Enforcement Notice has been given in respect of a Share; and
- 27.1.2 the person to whom the notice was given has failed to comply with it,
- the Company may sell that Share in such manner as the Directors decide.
- 27.2 A Lien Enforcement Notice:
- 27.2.1 may only be given in respect of a Share which is subject to the Company's Lien and in respect of a sum payable to the Company for which the due date for payment has passed;
- 27.2.2 must specify the Share concerned;

- 27.2.3 must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- 27.2.4 must be addressed either to the holder of the Share or to a transmittee of that holder; and
- 27.2.5 must state the Company's intention to sell the Share if the notice is not complied with.
- 27.3 Where Shares are sold under this article 27:
 - 27.3.1 the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser; and
 - 27.3.2 the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- 27.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the Company's Lien) must be applied:
 - 27.4.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and
 - 27.4.2 second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the Shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.
- 27.5 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:
 - 27.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and

- 27.5.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

ADMINISTRATIVE ARRANGEMENTS

28 MEANS OF COMMUNICATION TO BE USED

- 28.1 Any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- 28.1.1 in the case of a notice delivered personally, at the time of delivery; or
 - 28.1.2 in the case of a notice sent inland by first class prepaid post, 2 Business Days after the date of dispatch; or
 - 28.1.3 in the case of a notice sent overseas by airmail, 7 Business Days (being Business Days in the place to which the notice is dispatched) after the date of dispatch; or
 - 28.1.4 in the case of email, if sent during normal business hours then at the time of transmission and if sent outside normal business hours then on the following Business Day; or
 - 28.1.5 if sent or supplied by means of a website, when the recipient receives written notice of the fact that the material is available on the website; and
 - 28.1.6 if deemed receipt under the previous paragraphs of this article 28.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.
- 28.2 To prove service, it is sufficient to prove that:
- 28.2.1 if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
 - 28.2.2 if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
 - 28.2.3 if sent by email, the notice was properly addressed and sent to the email address of the recipient.

- 28.3 In proving that any notice, document or information was properly addressed, it will suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.

29 INDEMNITY AND INSURANCE

- 29.1 Subject to article 29.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:

- 29.1.1 each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer in the actual or purported execution and/or discharge of his duties, or in relation thereto including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or other Group Company's) affairs; and

- 29.1.2 the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 29.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.

- 29.2 This article 29 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

- 29.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.

- 29.4 In this article 29:

- 29.4.1 "**Relevant Loss**" means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company (or other Group Company) or any pension fund or employees' share scheme of the Company (or other Group Company); and

29.4.2 **"Relevant Officer"** means any director or other officer or former director or other officer of any Group Company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act).

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Model Articles

MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY SHARES

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PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

1. In the articles, unless the context requires otherwise—

“articles” means the company’s articles of association;

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“chairman” has the meaning given in article 12;

“chairman of the meeting” has the meaning given in article 39;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

“director” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“distribution recipient” has the meaning given in article 31;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of

members as the holder of the shares;

“instrument” means a document in hard copy form;

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006;

“paid” means paid or credited as paid;

“participate”, in relation to a directors’ meeting, has the meaning given in article 10;

“proxy notice” has the meaning given in article 45;

“shareholder” means a person who is the holder of a share;

“shares” means shares in the company;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006;

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a

shareholder or otherwise by operation of law; and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

Liability of members

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

PART 2

DIRECTORS

DIRECTORS’ POWERS AND RESPONSIBILITIES

Directors’ general authority

3. Subject to the articles, the directors are responsible for the management of the company’s business, for which purpose they may exercise all the powers of the company.

Shareholders’ reserve power

- 4.—(1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.
(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

Directors may delegate

- 5.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);

- (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions;
- as they think fit.

(2) If the directors so specify, any such delegation may authorise further delegation of the

directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

Committees

6.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

Directors to take decisions collectively

7.—(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.

(2) If—

(a) the company only has one director, and

(b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

Unanimous decisions

8.—(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Calling a directors' meeting

9.—(1) Any director may call a directors' meeting by giving notice of the meeting to the

directors or by authorising the company secretary (if any) to give such notice.

- (2) Notice of any directors' meeting must indicate—
- (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

Participation in directors' meetings

- 10.**—(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Quorum for directors' meetings

- 11.**—(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—
- (a) to appoint further directors, or
 - (b) to call a general meeting so as to enable the shareholders to appoint further directors.

Chairing of directors' meetings

- 12.**—(1) The directors may appoint a director to chair their meetings.
- (2) The person so appointed for the time being is known as the chairman.
- (3) The directors may terminate the chairman's appointment at any time.
- (4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

Casting vote

13.—(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

Conflicts of interest

14.—(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 interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

(3) This paragraph applies when—

- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;
- (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- (c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes—

- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
- (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
- (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making

processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

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

Records of decisions to be kept

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

Directors' discretion to make further rules

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

APPOINTMENT OF DIRECTORS

Methods of appointing directors

17.—(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

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

(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances

rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

Termination of director's appointment

18. A person ceases to be a director as soon as—

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) *[paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]*
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

Directors' remuneration

- 19.**—(1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as the directors determine—
- (a) for their services to the company as directors, and
 - (b) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may—
- (a) take any form, and
 - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

Directors' expenses

- 20.** The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—
- (a) meetings of directors or committees of directors,
 - (b) general meetings, or
 - (c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

All shares to be fully paid up

- 21.**—(1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.
- (2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

Powers to issue different classes of share

- 22.**—(1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

Company not bound by less than absolute interests

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

Share certificates

24.—(1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

(2) Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) any distinguishing numbers assigned to them.

(3) No certificate may be issued in respect of shares of more than one class.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(5) Certificates must—

- (a) have affixed to them the company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

Replacement share certificates

25.—(1) If a certificate issued in respect of a shareholder's shares is—

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A shareholder exercising the right to be issued with such a replacement certificate—

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

Share transfers

26.—(1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

- (2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- (3) The company may retain any instrument of transfer which is registered.
- (4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- (5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

Transmission of shares

- 27.**—(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.
- (2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—
- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
 - (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- (3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

Exercise of transmittees' rights

- 28.**—(1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmittees bound by prior notices

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

DIVIDENDS AND OTHER DISTRIBUTIONS

Procedure for declaring dividends

- 30.**—(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

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

Payment of dividends and other distributions

- 31.**—(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
 - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—
- (a) the holder of the share; or
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

No interest on distributions

- 32.** The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—
- (a) the terms on which the share was issued, or

(b) the provisions of another agreement between the holder of that share and the company.

Unclaimed distributions

33.—(1) All dividends or other sums which are—

(a) payable in respect of shares, and

(b) unclaimed after having been declared or become payable,

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

(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

(3) If—

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

(b) the distribution recipient has not claimed it,

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

Non-cash distributions

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

(2) For the purposes of paying a non-cash distribution, the directors may make whatever

arrangements they think fit, including, where any difficulty arises regarding the distribution—

(a) fixing the value of any assets;

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

(c) vesting any assets in trustees.

Waiver of distributions

35. Distribution recipients may waive their entitlement to a dividend or other distribution

payable in respect of a share by giving the company notice in writing to that effect, but if—

(a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or

bankruptcy of one or more joint holders, or otherwise,

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

CAPITALISATION OF PROFITS

Authority to capitalise and appropriation of capitalised sums

36.—(1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution—

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

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

(2) Capitalised sums must be applied—

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

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

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

(5) Subject to the articles the directors may—

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

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

(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

Attendance and speaking at general meetings

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

(2) A person is able to exercise the right to vote at a general meeting when—

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such

resolutions are passed at the same time as the votes of all the other persons attending the meeting.

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

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

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

Quorum for general meetings

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

Chairing general meetings

39.—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the directors present, or

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

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

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

Attendance and speaking by directors and non-shareholders

40.—(1) Directors may attend and speak at general meetings, whether or not they are shareholders.

(2) The chairman of the meeting may permit other persons who are not—

(a) shareholders of the company, or

(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

Adjournment

41.—(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

- (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the chairman of the meeting must—
 - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
 - (a) to the same persons to whom notice of the company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

Voting: general

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

Errors and disputes

- 43.**—(1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

Poll votes

- 44.**—(1) A poll on a resolution may be demanded—
- (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by—
- (a) the chairman of the meeting;
 - (b) the directors;
 - (c) two or more persons having the right to vote on the resolution; or

- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- (3) A demand for a poll may be withdrawn if—
 - (a) the poll has not yet been taken, and
 - (b) the chairman of the meeting consents to the withdrawal.
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

Content of proxy notices

- 45.**—(1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which—
- (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as—
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

- 46.**—(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor’s behalf.

Amendments to resolutions

- 47.**—(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

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

PART 5

ADMINISTRATIVE ARRANGEMENTS

Means of communication to be used

- 48.**—(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Company seals

- 49.**—(1) Any common seal may only be used by the authority of the directors.
- (2) The directors may decide by what means and in what form any common seal is to be used.
- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is—
- (a) any director of the company;
 - (b) the company secretary (if any); or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

No right to inspect accounts and other records

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

Provision for employees on cessation of business

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

DIRECTORS' INDEMNITY AND INSURANCE

Indemnity

52.—(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),
- (c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article—

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a "relevant director" means any director or former director of the company or an associated company.

Insurance

53.—(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article—

- (a) a "relevant director" means any director or former director of the company or an associated company,
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.