

Company No: 13224963

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

MITCHELL DRYERS (KINGMOOR) LIMITED
(the "Company")

Incorporated 24 February 2021

(Adopted by special resolution on 23 March 2022)

Company number 13224963
THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
MITCHELL DRYERS (KINGMOOR) LIMITED
(Adopted by special resolution passed on 23 March 2022)

Introduction

1. Interpretation

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

Act: the Companies Act 2006.

Articles: the Company's articles of association for the time being in force.

Asset Sale: means the disposal by the Company of assets (whether together with associated liabilities or otherwise and as part of an undertaking or otherwise) which represent 50% or more (by book value) of the consolidated gross tangible assets of the Company at that time.

A Shares: the A ordinary shares of £1 each in the capital of the Company.

Bankruptcy: includes individual insolvency proceedings in a jurisdiction other than England and Wales, Scotland or Northern Ireland which have an effect similar to that of bankruptcy.

Business Day: any day other than a Saturday, Sunday or public holiday in England on which banks in London are open for business.

Change of Control: means the acquisition (by any means) by a third party purchaser of any interest in any Shares if, upon completion of that acquisition, the third party purchaser together with any person connected with or acting in concert with that third party purchaser, would be entitled to exercise more than 50% of the total voting rights normally exercisable at any general meeting of the Company.

Conflict: has the meaning given in article 7.1.

Director: a Director of the Company from time to time, and includes any person occupying the position of Director, by whatever name called.

Eligible Director: 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).

Exit: means a Share Sale, Asset Sale or Listing.

Listing: means either:

- (a) the admission of all or any part of the ordinary Shares to listing on the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange's market for listed securities;
- (b) the admission of all or any part of the ordinary Shares to trading on AIM, a market operated by London Stock Exchange; or
- (c) the admission of all or any part of the ordinary Shares to listing and/or trading on any other recognised investment exchange, and, in any such case, such admission becoming unconditionally effective.

London Stock Exchange: means London Stock Exchange plc

Model Articles: the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles.

Ordinary Shares: the ordinary shares of £1 each in the capital of the Company.

Preferred Shares: the preferred shares of £1 each in the capital of the Company.

Shares: the Ordinary Shares, A Shares and Preferred Shares and **"Share"** means a share in the capital of the Company of whatever class.

Shareholder: the register holder of a Share in the Company from time to time.

Share Sale: means the transfer of any interest in any Shares (whether by one transaction or a series of transactions), which results in a Change of Control;

- 1.2 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.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to legislation or a legislative provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.6 A reference to legislation or a legislative provision shall include all subordinate legislation made from time to time.

- 1.7 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.
- 1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.9 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.10 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 18(e), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the Company.
- 1.11 Article 7 of the Model Articles shall be amended by:
- (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and
 - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole Director)" after the words "and the Director may".
- 1.12 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1.13 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.14 Article 29 of the Model Articles 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) of the Model Articles," after the words "the transmittee's name".
- 1.15 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the Directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the Directors decide".

Directors

2. Unanimous decisions

- 2.1 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.
- 2.2 Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.

- 2.3 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.

3. Calling a Directors' meeting

- 3.1 Unless otherwise agreed by the Directors, any Director may call a Directors' meeting by giving at least five (5) Business Days' notice of the meeting (or such lesser notice as all the Directors may agree) to the Directors or by authorising the Company secretary (if any) to give such notice.
- 3.2 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 either before or after the meeting. 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.

4. Quorum for Directors' meetings

- 4.1 Subject to article 4.3, the quorum for the transaction of business at a meeting of Directors is any two Eligible Directors.
- 4.2 If and so long as there is a sole Director, he may exercise all the powers and authorities vested in the Directors by these articles and accordingly the quorum for the transaction of business in these circumstances shall be one.
- 4.3 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a Director's conflict, 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.
- 4.4 If the total number of Directors in office 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.

5. Casting vote

- 5.1 At each Directors' meeting, each Eligible Director present will be entitled to cast one vote on each issue put to the vote.
- 5.2 If the numbers of votes for and against a proposal at a meeting of Directors are equal, the chairman or other Director chairing the meeting shall not have a casting vote.

6. Transactions or other arrangements with the Company

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 Companies Acts, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- (a) 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;
- (b) shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of Directors) in respect of such existing or proposed transaction or arrangement in which he is interested;
- (c) 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;
- (d) 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;
- (e) 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
- (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) 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.

7. Directors' conflicts of interest

7.1 The Directors may, in accordance with the requirements set out in this article, 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**).

7.2 Any authorisation under this article 7 will be effective only if:

- (a) to the extent permitted by the Act, 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 or in such other manner as the Directors may determine;

- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other Interested Director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested Director's vote had not been counted.

7.3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- (b) 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;
- (c) 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;
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
- (e) 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
- (f) 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.

7.4 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.

7.5 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.

7.6 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 or by the Company in general meeting

(subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

8. Records of decisions to be kept

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.

9. Number of Directors

Unless otherwise determined by ordinary resolution, the number of shall not be subject to any maximum but shall not be less than one.

10. Appointment of Directors

10.1 In any case where, as a result of death or bankruptcy, the Company has no Shareholders and no Directors, the transmittee(s) of the last Shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a Director.

10.2 For the purposes of the preceding article, where two 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.

11. Change of Company name

The Directors may resolve in accordance with these articles to change the Company's name.

12. 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

13. Share Rights

13.1 The share capital of the Company shall be divided into Ordinary Shares, Preferred Shares and A Shares and all classes of Shares shall rank *pari passu*, except:

- (a) **as regards voting** – the Preferred Shares and A Shares shall not entitle the holders thereof to receive notice of or to attend and vote at any general meeting of the Company;

- (b) **as regards capital** – on a return of assets on liquidation, capital reduction or otherwise (other than a conversion 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:
- (i) first in paying to the holders of the Preferred Shares in respect of each Preferred Share held the sum of £1 , together with a sum equal to any arrears or accruals of the Preferred Dividend in respect of that Preferred Share calculated down to (and including) the date of the return of the capital and, if there is a shortfall of assets remaining to satisfy such payments in full, the proceeds shall be distributed to the holders of the Preferred Shares pro rata to the aggregate amounts due under this article;
 - (ii) thereafter in distributing the balance among the holders of the remaining Shares pro rata to the number of Shares held, as if they all constituted Shares of the same class; and
 - (iii) the holders of the A Shares shall not be entitled to any distribution or return of capital in excess of the nominal value of the A Shares, and the capital value of the A Shares in all cases shall be limited to their nominal value.

13.2 Whenever the capital of the Company is divided into different classes of Shares, the special rights attached to any class may only be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent of the holders of the issued Shares of that class given in accordance with the following article.

13.3 The consent of the holders of a class of Shares may be given by:

- (a) a special resolution passed at a separate general meeting of the holders of the issued Shares of that class; or
- (b) a written resolution in any form signed by or on behalf of the holders of three-quarters in nominal value of the issued Shares of that class, but not otherwise.

13.4 To every such meeting, all the provisions of these articles and the Act relating to general meetings of the Company shall apply (with such amendments as may be necessary to give such provisions efficacy) but so that the necessary quorum shall be two holders of Shares of the relevant class present in person or by proxy and holding or representing not less than one third in nominal value of the issued Shares of the relevant class; so that every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him; and so that any holder of Shares of the class, present in person or by proxy or (being a corporation) by a duly authorised representative, may demand a poll. If at any adjourned meeting of such holders such a quorum as aforesaid is not present, not less than one holder who is present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum.

13.5 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), save that if the Shares in question are Preferred Shares, the written consent of the holder of such Preferred Shares shall be required.

13.6 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.

14. Further issues of Shares: authority

14.1 Save to the extent authorised by these articles, or authorised from time to time by an ordinary resolution of the shareholders, the Directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares in the Company.

14.2 Subject to the remaining provisions of this article and to the following article (**Further issues of Shares: pre-emption rights**) and to any directions which may be given by the Company in general meeting, the Directors are generally and unconditionally authorised, for the purpose of section 551 of the Act to exercise any power of the Company to:

- (a) offer or allot;
- (b) grant rights to subscribe for or to convert any security into;
- (c) otherwise create, deal in, or dispose of, any Shares in the Company to any person, at any time and subject to any terms and conditions as the Directors think proper.

15. Further issues of Shares: pre-emption rights

15.1 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.

15.2 Unless otherwise agreed by special resolution, if the Company proposes to allot any equity securities, those equity securities shall not be allotted to any person unless the Company has first offered them to all Shareholders on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to such other person on a pari passu basis and pro rata to the nominal value of Shares held by those Shareholders (as nearly as possible without involving fractions).

15.3 The offer:

- (a) shall be in writing, shall be open for acceptance for a period of fifteen working days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and
- (b) may stipulate that any Shareholder who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities (hereinafter referred to as **"Excess Securities"**) for which he wishes to subscribe.

15.4 Any equity securities not accepted by Shareholders pursuant to the offer made to them in accordance with these articles shall be used for satisfying any requests for Excess Securities made pursuant to the preceding article. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants as nearly as practicable in the proportion that the number of Excess Securities each shareholder indicated he would accept bears to the total number of Excess Securities applied for (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 that allotment, any Excess Securities remaining shall be offered to any other person as the Directors may determine, at the same price and on the same terms as the offer to the shareholders.

16. Redemption of Preferred Shares

The Preferred Shares shall be redeemable as follows:-

16.1 Subject always to article 16.2 the Preferred Shares shall be capable of redemption in full or in multiples of £100,000 by the holder of such Shares serving notice on the Company that they wish to redeem some or all of their Preferred Shares (redemption notice). A redemption notice shall state:

- (a) the date on which the holder wishes the Preferred Shares to be redeemed, which may not be earlier than the date being 12 months from the date of the redemption notice (save in the case of a redemption notice in respect of multiples of £100,000 served 24 months following the issue of such Preferred Shares, in which case the date for redemption may not be earlier than the date being 3 months from the date of the redemption notice) (redemption date), and
- (b) the number of Preferred Shares the holder wishes to redeem, which (where the redemption notice is served in respect of multiples of £100,000 in the period 24 months following the issue of such Preferred Shares) may not be more than £100,000, save with the written consent of the board of Directors of the Company. Thereafter, or as otherwise provided for in article 16.2 below in relation to death, the holder may request redemption of any Preferred Shares they hold, in multiples of £100,000.

No more than 3 redemption notices may be served by any holder of Preferred Shares in a calendar year. If at any time there are less than £100,000 of Preferred Shares in issue at any time, all references to multiples of £100,000 shall be deemed to be to the total of such lesser number of Preferred Shares.

- 16.2 A redemption notice may not be served with a redemption date falling before the date being 2 years from their issue to the relevant holder of such Preferred Shares, save in the case of the death of a holder of such Preferred Shares, upon which the holder of such Preferred Shares shall be deemed to have served a redemption notice for all of their Preferred Shares immediately prior to their death with the redemption date being 12 months from the date of death of the holder of such Preferred Shares.
- 16.3 A redemption notice shall be invalid if served when there is an existing redemption notice outstanding, save with the written consent of the board of Directors of the Company, in its absolute discretion or in the case of death of a holder of such Preferred Shares.
- 16.4 The holder of the Preferred Shares shall be entitled, by notice in writing to the Company, to require immediate redemption of all or any of the Preferred Shares if:
- (a) any Preferred Dividend is not paid within 14 Business Days of its due date whether or not the dividend has been declared or earned or is otherwise in law capable of being paid by the Company; or
 - (b) any amount due on redemption of any Preferred Dividend is not paid within 14 Business Days of its due date whether or not sufficient profits or other funds are in law available for the redemption; or
 - (c) there is an Exit.

17. Transfer of Shares - general

- 17.1 In these Articles, a reference to the “**transfer**” of or “**transferring**” Shares shall include any transfer, assignment, disposition or proposed or purported transfer, assignment or disposition:
- (a) of any Share or Shares of the Company; or
 - (b) of any interest of any kind in any Share or Shares of the Company; or
 - (c) of any right to receive or subscribe for any Share or Shares of the Company.
- 17.2 The Directors shall not register the transfer of any Share or any interest in any Share unless the transfer is made in accordance with Article 18 (Voluntary Transfers), and, in any such case, is not prohibited under Article 19 (Prohibited Transfers), and in the case of Preferred Shares, notwithstanding any other provision of these Articles, the Preferred Shares shall not be capable of transfer unless the Directors approve such transfer of the Preferred Shares in writing.

- 17.3 If the Directors refuse to register a transfer of a Share they shall, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of, and the reasons for, the refusal.
- 17.4 An obligation to transfer a Share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from any lien, charge or other encumbrance.
- 17.5 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor and (if any of the Shares is partly paid) the transferee.
- 17.6 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any Share.
- 17.7 The Company may retain any instrument of transfer which is registered.
- 17.8 The transferor remains the holder of a Share until the transferee's name is entered in the register of members as holder of it.

18. Voluntary Transfers

- 18.1 Except where the provisions of Article 20 apply (Compulsory transfers) any Shareholder who wishes to transfer any Share (the **"Seller"**) shall before transferring or agreeing to transfer such Share or any interest in it, serve notice in writing (the **"Transfer Notice"**) on the Company of his wish to make that transfer.
- 18.2 In the Transfer Notice the Seller shall specify:
- (a) the number and class of Shares (Sale Shares and each one a Sale Share) which he wishes to transfer;
 - (b) the identity of the person (if any) to whom the Seller wishes to transfer the Sale Shares;
 - (c) the price per Share at which the Seller wishes to transfer the Sale Shares (the **"Proposed Sale Price"**);
 - (d) any other terms relating to the transfer of the Sale Shares; and
 - (e) whether the Transfer Notice is conditional upon all (and not part only) of the Sale Shares being sold pursuant to the following provisions of this Article 18 (**"Total Transfer Condition"**).
- 18.3 Each Transfer Notice shall:
- (a) relate to one class of Shares only;

- (b) constitute the Company as the agent of the Seller for the sale of the Sale Shares on the terms of this Article 18; and
- (c) save as provided in Article 18(7), be irrevocable.

18.4 The Sale Shares shall be offered for purchase in accordance with this Article 18 at a price per Sale Share (the **"Sale Price"**) agreed between the Seller and the Directors or, in default of such agreement by the end of the 15th working day after the date of service of the Transfer Notice:

- (a) if the Directors so elect within that fifteen working day period after the date of service of the Transfer Notice, the Sale Price shall be the price per Sale Share reported on by the Valuers as their written opinion of the open market value of each Sale Share (the **"Market Value"**) as at the date of service of the Transfer Notice (in which case for the purposes of these Articles the Sale Price shall be deemed to have been determined on the date of the receipt by the Company of the Valuer's report);
- (b) **"Valuers"** means the auditors for the time being of the Company, unless the auditors give notice to the Company that they decline an instruction to report on the matter in question or if no auditors have been appointed when the Valuers shall be a firm of chartered accountants agreed between the Seller and the Directors or, in default of such agreement within 10 working days following the notice from the incumbent auditors declining to report, as appointed by the President of the Institute of Chartered Accountants in England and Wales on the application of any such party; and
- (c) otherwise (save for the A Shares and the Preferred Shares, whose value shall always be the nominal value of the A Shares and the Preferred Shares (and the value of any accrued but unpaid Preferred Dividend on the Preferred Shares to the extent that the rights to such Preferred Dividend transfers with the Preferred Shares) the Sale Price shall be the Proposed Sale Price, in which case for the purpose of these Articles the Sale Price shall be deemed to have been agreed at the end of that 15th working day.

18.5 If instructed to report on their opinion of Market Value under Article 18 the Valuers shall:

- (a) act as expert and not as arbitrator and their written determination shall be final and binding on the members; and
- (b) proceed on the basis that:
 - (i) the open market value of the A Shares and the Preferred Shares shall be the nominal value in all circumstances;
 - (ii) the open market value of each Sale Share (other than the A Shares and the Preferred Shares, valued in accordance with (i) above) shall be the sum which a willing buyer would agree with a willing seller to be the purchase price for all the class of Shares of which the Sale Shares form part, divided by the number of issued Shares then comprised in that class;

- (iii) there shall be no addition of any premium or subtraction of any discount by reference to the size of the holding the subject of the Transfer Notice or in relation to any restrictions on the transferability of the Sale Shares; and
 - (iv) any difficulty in applying either of the foregoing bases shall be resolved by the Valuers as they think fit in their absolute discretion;
 - (c) the Company will use its reasonable endeavours to procure that the Valuers deliver their written opinion of the Market Value to the Directors and to the Seller within twenty-eight days of being requested to do so.
- 18.6 The Valuers' fees for reporting on their opinion of the Market Value shall be borne as the Valuers shall specify in their valuation having regard to the conduct of the parties and the merit of their arguments in respect of the matters in dispute or otherwise (in the absence of any such specification by the Valuers) as to one half by the Seller and as to the other half by the Company unless the Seller revokes the Transfer Notice pursuant to Article 18(7), in which case the Seller shall pay all the Valuers' fees.
- 18.7 If the Market Value is reported on by the Valuers under Article 18(4) to be less than the Proposed Sale Price, the Seller (save in the case of the A Shares in which a Transfer Notice may not be revoked) may revoke any Transfer Notice which was not stated to be, or is not deemed by these Articles to be, irrevocable by written notice given to the Directors within the period of five working days after the date the Directors serve on the Seller the Valuers' written opinion of the Market Value.
- 18.8 The Directors shall at least ten working days after and no more than twenty working days after the Sale Price has been agreed or determined give an Offer Notice to all members to whom the Sale Shares are to be offered in accordance with these Articles.
- 18.9 An Offer Notice shall:
- (a) specify the Sale Price;
 - (b) contain the other details included in the Transfer Notice; and
 - (c) invite each of the members (other than the Seller) to respond in writing, before expiry of the Offer Notice, to purchase the numbers of Sale Shares specified by them in their application,
 - (d) and shall expire twenty working days after its service.
- 18.10 After the expiry date of the Offer Notice, the Directors shall allocate the Sale Shares in accordance with the applications received save that:
- (a) if there are applications from Shareholders for more than the number of Sale Shares available, they shall be allocated to those applicants in proportion (as nearly as possible but without allocating to any Shareholder more Sale Shares than the

maximum number applied for by him) to the number of Shares then held by them respectively; however, in his application for Sale Shares a Shareholder may, if he so desires, indicate that he would be willing to purchase a particular proportionate entitlement ("**Excess Shares**"), in which case, applications for Excess Shares shall be allocated in accordance with such application, or in the event of competition among those members applying for Excess Shares in such proportions as equal (as nearly as may be) the proportions of all the Shares held by such Shareholders;

- (b) if it is not possible to allocate any of the Sale Shares without involving fractions, they shall be allocated amongst them in such manner as the Directors shall think fit; and
- (c) if the Transfer Notice contained a valid Total Transfer Condition, no allocation of Sale Shares shall be made unless all the Sale Shares are allocated

18.11 The Directors shall, within five working days of the expiry date of the Offer Notice, give notice in writing ("**Allocation Notice**") to the Seller and to each person to whom Sale Shares have been allocated (each a "**Buyer**") specifying the name and address of each Buyer, the number and class of Sale Shares agreed to be purchased by him and the aggregate price payable for them.

18.12 Completion of a sale and purchase of Sale Shares pursuant to an Allocation Notice shall take place at the registered office of the Company at the time specified in the Allocation Notice when the Seller shall, upon payment to him by a Buyer of the Sale Price in respect of the Sale Shares allocated to that Buyer, transfer those Sale Shares and deliver the relative Share certificate(s) to that Buyer.

18.13 The Seller may, during the period of thirty working days immediately following the expiry date of the Offer Notice, sell all or any of these Sale Shares, for which an Allocation Notice has not been given, by way of bona fide sale to the proposed transferee (if any) named in the Transfer Notice or, if none was so named, to any transferee, in either case at any price per Sale Share which is not less than the Sale Price, without any deduction, rebate or allowance to the proposed transferee, provided that:

- (a) the Seller may not transfer such Share and the Directors shall not register any transfer to a transferee who is not at that date a member unless such transferee is first approved in writing by the Directors; and
- (b) if the Transfer Notice contained a Total Transfer Condition, the Seller shall not be entitled, save with the written consent of the Directors, to sell only some of the Sale Shares under this Article 18(13); and/ or
- (c) if the Transfer Notice for the A Shares is for a price in excess of their nominal value, the Seller shall not be entitled, save with the written consent of the Directors, to sell the Sale Shares under this Article 18(13).

18.14 If a Seller fails for any reason (including death) to transfer any Sale Shares when required pursuant to this Article 18, the Directors may authorise any Director of the Company (who shall

be deemed to be irrevocably appointed as the attorney of the Seller for the purpose) to execute each necessary transfer of such Sale Shares and deliver it on the Seller's behalf. The Company may receive the purchase money for such Sale Shares from the Buyer and shall upon receipt (subject, if necessary, to the transfer being duly stamped) register the Buyer as the holder of such Sale Shares. The Company shall hold such purchase money in a separate bank account on trust for the Seller but shall not be bound to earn or pay interest on any money so held. The Company's receipt for such purchase money shall be a good discharge to the Buyer who shall not be bound to see to the application of it, and after the name of the Buyer has been entered in the register of members in purported exercise of the power conferred by this Article 18(14) the validity of the proceedings shall not be questioned by any person.

19. Prohibited Transfers

Notwithstanding any other provision in these articles, no transfer of any Share shall be registered if it is to a minor, undischarged bankrupt, trustee in bankruptcy or person of unsound mind.

20. Compulsory Transfers

20.1 A Shareholder is deemed to have served a Transfer Notice under Article 18.1 immediately before any of the following events:

- (a) the occurrence of Bankruptcy; or
- (b) where the Shareholder lacking capacity (under section 2 of the Mental Health Act 2005) to make decisions in relation to the Company or his shareholding.

20.2 A Transfer Notice deemed to have been served by a Shareholder under Article 20.1 shall, immediately deem a Transfer Notice to have been served under Article 18.1 by that Shareholder in respect of all Shares.

20.3 A Deemed Transfer Notice has the same effect as a Transfer Notice and the provisions of Article 187 shall apply, except that:

- (a) the Deemed Transfer Notice shall be treated as having specified that 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 Deemed Transfer Notice);
- (b) the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the Shares; and
- (c) the Transfer Price shall be the Market Value of those Shares (and for the avoidance of doubt the Market Value of the A Shares shall be limited to the nominal value in all cases); and

- (d) the Seller does not have a right to withdraw the Deemed Transfer Notice following a valuation.

12.4 If the Allocation Notice(s) in respect of the Sale Shares comprised within a Deemed Transfer Notice does not relate to all the Sale Shares, the Seller does not have the right to sell the balance of the Sale Shares to a third party without Shareholder Consent.

21. Drag Along

In these articles a **“Qualifying Offer”** shall mean an offer in writing by or on behalf of any person (**“Offeror”**) to the holders of the entire Share capital in the Company to acquire all their Shares.

- 21.1 If the holders of not less than 75% in nominal value of the ordinary Shares then in issue (the **“Accepting Shareholders”**) wish to accept the Qualifying Offer, then the provisions of this article shall apply.
- 21.2 The Accepting Shareholders shall give written notice to the remaining holders of the Shares (the **“Other Shareholders”**) of their wish to accept the Qualifying Offer and the Other Shareholders shall thereupon become bound to accept the Qualifying Offer and to transfer their Shares to the Offeror (or his nominee) with full title guarantee on the date specified by the Accepting Shareholders.
- 21.3 If any Other Shareholder shall not, within five Business Days of being required to do so, execute and deliver transfers in respect of the Shares held by him and deliver the certificate(s) in respect of the same (or a suitable indemnity in lieu thereof), then any Accepting Shareholder shall be entitled to execute, and shall be entitled to authorise and instruct such person as he thinks fit to execute, the necessary transfer(s) and indemnities on the Other Shareholder's behalf and, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the relevant Shares, deliver such transfer(s) and certificate(s) or indemnities to the Offeror (or his nominee) and register such Offeror (or his nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.
- 21.4 Upon any person, following the issue of a notice pursuant to Article 21.3, becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire Shares in the Company (the **“New Shareholder”**), a notice shall be deemed to have been served upon the New Shareholder on the same terms as the previous notice who shall thereupon be bound to sell and transfer all such Shares acquired by him to the Offeror or as the Offeror may direct and the provisions of this article shall apply mutatis mutandis to the New Shareholder save that completion of the sale of such Shares shall take place forthwith upon the notice being deemed served on the New Shareholder.
- 21.5 The value of (and price payable for) the A Shares pursuant to this clause 21 shall be limited to the nominal value of such A Shares.

- 21.6 The holder of the Preferred Shares shall be entitled to exercise their right to redemption of the Preferred Shares in the event of an Exit pursuant to this clause 21.

22. Tag Along

- 22.1 If at any time one or more Proposed Transferors propose to sell, in one or a series of related transactions, a majority in nominal value of the Shares (a “**Majority Holding**”) to any person (not being an Offeror for the purposes of Article 21.1), the Proposed Transferor may only sell the Majority Holding if they comply with the provisions of this article.
- 22.2 The Proposed Transferor shall give written notice (the “**Proposed Sale Notice**”) to the Other Shareholders of such intended sale at least ten Business Days prior to the date thereof. The Proposed Sale Notice shall set out, to the extent not described in any accompanying documents, the identity of the proposed buyer (the “**Proposed Buyer**”), the purchase price and other terms and conditions of payment, the proposed date of sale (the “**Proposed Sale Date**”) and the number of Shares proposed to be purchased by the Proposed Buyer (the “**Proposed Sale Shares**”).
- 22.3 Any Other Shareholder shall be entitled, by written notice given to the Proposed Sellers within five Business Days of receipt of the Proposed Sale Notice, to be permitted to sell all of his Shares to the Proposed Buyer on the same terms and conditions as those set out in the Proposed Sale Notice.
- 22.4 If any Shareholder is not given the rights accorded him by the provisions of this article, the Proposed Sellers shall be required not to complete their sale and the Company shall be bound to refuse to register any transfer intended to carry such a sale into effect.
- 22.5 The value of (and price payable for) the A Shares pursuant to this clause 22 shall be limited to the nominal value of such A Shares.
- 22.6 The holder of the Preferred Shares shall be entitled to exercise their right to redemption of the Preferred Shares in the event of an Exit pursuant to this clause 22.

23. Procedure for declaring dividend and calculation of dividends

- 23.1 The Company shall, without the need for a resolution of the Directors, or the Company in general meeting and before application of any available profits to reserves, or for any other purpose, pay in respect of each Preferred Share a fixed cumulative preferential dividend (“**Preferred Dividend**”) at an annual rate of 6% of the issue price per Preferred Share to the person registered as its holder on the due date.
- 23.2 Subject to article 23.3, the Preferred Dividend shall be paid in cash in monthly instalments on the last Business Day of each calendar month.

- 23.3 The Company shall not declare or pay any further dividend unless and until all arrears and accruals of the Preferred Dividend have been paid.
- 23.4 The Company may by ordinary resolution declare dividends, and the Directors may decide to pay interim dividends.
- 23.5 Except for the Preferred Dividend, 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.
- 23.6 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 23.7 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
- 23.8 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.
- 23.9 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.
- 23.10 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.
- 23.11 For such time as the Company has Shares of different classes, all such Shares (other than the Preferred Shares) shall be non-redeemable and rank equally in terms of (a) voting rights - one vote for each Share; (b) rights to participate in all approved dividend distributions for that class of Share; and (c) rights to participate in any capital distribution on sale or winding up unless expressly stated otherwise.
- 23.12 Subject to article 23.1 and 23.3, the profits of the Company in respect of each financial year shall be distributed by way of dividend as the Directors may by resolution declare and authorise in such amount(s) and at such time(s) as they may think fit on one or more classes of Shares in the capital of the Company. For the avoidance of doubt, the Directors shall have complete discretion to declare a dividend in respect of one class of Shares but not another and/or of one designation of Shares of the same class but not another and to declare a different level of dividend in respect of different classes of Shares and/or in respect of different designations of Shares of the same class. Each member covenants and agrees with the Company and each other member for the time being not to challenge, impugn or question the exercise or non-exercise by the Directors of their powers under this Article.

24. Purchase of own Shares

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:

- (a) £15,000; and
- (b) the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

Decision making by shareholders

25. Poll votes

- 25.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 25.2 Article 44(3) of the Model Articles 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 article.

26. Proxies

- 26.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced 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".
- 26.2 Article 45(1) of the Model Articles shall be amended by 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 article.

Administrative arrangements

27. Means of communication to be used

- 27.1 Subject to article 27.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
 - (a) if delivered by hand, on signature of a delivery receipt; or

- (b) if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
- (c) if properly addressed and sent or supplied by electronic means forty-eight hours after the document or information was sent or supplied; or
- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; or
- (e) if deemed receipt under the previous paragraphs of this Article 27.1 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 am 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.

27.2 To prove service, it is sufficient to prove that:

- (a) if delivered by hand the notice was delivered to the correct address; or
- (b) if sent by post the envelope containing the notice was properly addressed, paid for and posted; or
- (c) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

28. Indemnity

28.1 Subject to article 28.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) 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:
 - (i) in the actual or purported execution and/or discharge of his duties, or in relation to them,

including 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 any associated company's) affairs; and
- (b) 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 28.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

28.2 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.

28.3 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 officer" means any Director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act)).

29. Insurance

29.1 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.

29.2 In this article:

- (a) a "relevant officer" means any Director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act);
- (b) a "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, 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.