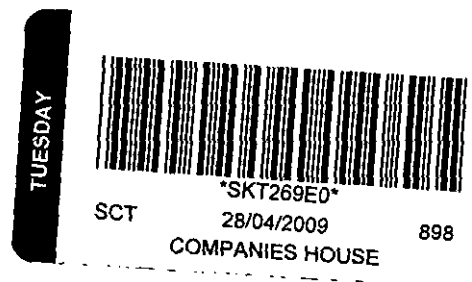


JC 30538

METAFORIC LIMITED

**(As adopted by Special Resolution on 9 June 2008
and as amended by Special Resolution on 8 April 2009)**

Articles of Association



PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

**METAFORIC LIMITED
(the "Company")**

**(adopted by special resolution on 9 June 2008
and amended by special resolution on 8 April 2009)**

1 DEFINITIONS AND INTERPRETATION

1.1 In these Articles, unless the context requires otherwise:

"Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force and any provisions of the Companies Act 2006 for the time being in force;

"acting in concert" has the meaning ascribed to it by the City Code on Takeovers and Mergers as in force and construed on the Completion Date;

"A Ordinary Shares" means the A ordinary shares of £0.01 each of the Company, having the rights set out in these Articles of Association;

"Auditors" means the auditors for the time being of the Company;

"Board" means the board of directors of the Company from time to time;

"business day" means a day, other than a Saturday or a Sunday, on which clearing banks are open for business in Scotland;

"Change of Control" means the acquisition whether by purchase, transfer, renunciation or otherwise but excluding a transfer of Shares made in accordance with Article 8 (*Permitted Transfers*) (other than Article 8.5) by any person not an original party to the Investment Agreement (a **"Third Party Purchaser"**) of any interest in any Shares if, upon completion of that acquisition, the Third Party Purchaser, together with persons acting in concert or connected with him, would hold more than 50% of the Shares;

"Completion Date" means the date of adoption of these Articles;

"connected with" has the meaning ascribed to it in Section 839 Income and Corporation Taxes Act 1988 save that there shall be deemed to be control for that purpose whenever either Section 416 or Section 840 of that Act would so require;

"Convertible Loan Agreement" means the convertible loan agreement relating to the Company entered into between (1) the Company (2) Andrew Stewart McLennan, Linda Anne MacKellar and Neil William Stewart, (3) Pentech Fund II Limited Partnership and Scottish Enterprise and (4) Pentech Ventures LLP on 8 April 2009, as amended, waived, restated, modified or supplemented from time to time;

"Disposal" means the making of one or more agreements (whether conditional or not) for the disposal by the Group of all or substantially all of its undertaking and assets and for the purposes of this definition "disposal" shall mean a sale, transfer, assignment or other disposition whereby a person ceases to be the absolute beneficial owner of the assets in question or all rights attached thereto or an agreement to enter into such disposal or the grant to compel entry into such an agreement;

"Founder Director" has the meaning ascribed to it in Article 18 (*Founder Director*);

"Founders" means, for so long as they are shareholders in the Company, Andrew Stewart McLennan, Linda Anne MacKellar and Neil William Stewart;

"Group" means the Company and all its subsidiaries and subsidiary undertakings from time to time and **"member of the Group"** shall be construed accordingly;

"Investor" means an Investor, as defined in the Investment Agreement;

"Independent Non Executive Director" means the non executive director appointed in accordance with paragraph 16 of Part A of Schedule 6 of the Investment Agreement;

"Investment Agreement" means the Agreement relating to the Company made between (1) Andrew Stewart McLennan, Linda Anne MacKellar and Neil William Stewart, (2) the Company, and (3) Pentech Fund II Limited Partnership and Scottish Enterprise and (4) Slam on the Completion Date, as amended, waived, restated, modified or supplemented from time to time;

"Investor Directors" has the meaning ascribed to it in Article 17 (*Investor Directors*);

"Investor Majority" means the holder(s) of at least 75% of the A Ordinary Shares for the time being in issue;

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

"Listing" means any of:

- (a) the admission by the UK Listing Authority of all or any of the issued equity share capital of the Company to the Official List and such admission becoming effective; or
- (b) the granting of permission by the London Stock Exchange plc for the introduction of all or any of the issued equity share capital of the Company to the Alternative Investment Market, and such permission becoming effective; or
- (c) any equivalent admission to, or permission to deal on, any other Recognised Investment Exchange becoming unconditionally effective in relation to all or any of the issued equity share capital of the Company;

"Member" means any registered holder of a Share;

"Ordinary Majority" means the holder or holders of at least 50% of the Ordinary Shares in issue;

"Ordinary Shares" means the ordinary shares of £0.01 each of the Company, having the rights set out in these Articles of Association;

"Recognised Investment Exchange" has the meaning ascribed thereto in Section 285(1) Financial Services and Markets Act 2000;

"Sale" means the making of one or more agreements (whether conditional or not) for the disposal, transfer, purchase, subscription or renunciation of any part of the share capital of the Company and for the purposes of this definition "disposal" shall mean a sale, transfer, assignment or other disposition whereby a person ceases to be the absolute beneficial owner of the share in question or voting rights attached thereto or an agreement to enter into such disposal or the grant to compel entry into such an agreement;

"Share Option Plan" means the share option plan of the Company for the employees and others, the terms of which have been approved by the Investor Directors;

"Shares" means the Ordinary Shares and the A Ordinary Shares and **"Share"** means any one share of any such class;

"Slam" means Slam Games Limited (Company No. SC263196);

"Table A" means Table A in the Companies (Tables A to F) Regulations 1985 as amended and in force at the date of the adoption of these Articles;

"Third Party Purchaser" has the meaning ascribed to it in the definition of "Change of Control" and where the relevant acquisition was effected by the renunciation of a renounceable letter of allotment, shall include the relevant renounee; and

"Valuers" means the Auditors unless:

- (a) (where the Valuers are asked to determine Market Value) within 21 days after the date of the Deemed Transfer Notice, the Vendor notifies the Board in writing that it objects to the Auditors making that report; or
- (b) the Auditors give notice to the Company that they decline an instruction to report on Market Value or Alternative Arrangements (as the case may be);

when the Valuers shall be a firm of chartered accountants agreed between the Vendor and the Board (where the Valuers are asked to determine Market Value) or the Investors and the Board (where the Valuers are asked to determine Alternative Arrangements) or, in default of agreement within 20 business days after the event referred to in (a) or (b) above, appointed by the President of the Institute of Chartered Accountants in Scotland on the application of the Vendor or the Board or any Investor.

1.2 The regulations of Table A shall be incorporated into and form part of these Articles and shall apply to the Company insofar as such regulations are not excluded, amended or modified by or inconsistent with this document.

1.3 Regulations 5, 33, 64, 115 and 118 of Table A shall not apply to the Company and the following Regulations thereof shall be modified:

- (a) Regulation 6 by the deletion of the words "sealed with the seal";
- (b) Regulation 24 by the deletion of the words "which is not" and the substitution of the words "whether or not it is";

- (c) Regulation 30 by the addition of the following sentence after the first sentence: "The directors may, by notice given at the registered address of the member, require the person to make his election within ninety clear days of the notice and, if he does not do so, he shall be deemed to have elected to have become the holder of the share";
- (d) Regulation 31 by (i) the deletion of the words "shall have the right" with "shall (unless and so long as he fails to comply with a notice requiring him to elect under regulation 30) have the right" and (ii) the addition of the following sentences at the end: "When a person becomes entitled to a share by transmission, the rights of the holder to it cease. The person entitled by transmission may give a good discharge for dividends and other distributions in respect of the share".
- (e) Regulation 32 by the addition to paragraph (b) of the words "but so that any such consolidation and/or division shall not result in any member becoming entitled to fractions of a share";
- (f) Regulation 40 by the addition of the following sentence at the end of that Regulation:

"If the Company shall have only a single member, that single member present in person or by proxy shall be a quorum";
- (g) Regulation 46 by the deletion of paragraphs (a) to (d) inclusive and the substitution of the words "by the chairman or by any person present entitled to vote upon the business to be transacted;";
- (h) Regulation 54 by the addition of the words "fully paid" between the words "every" and "share";
- (i) Regulation 67 by the deletion of the words from "but" until the end;
- (j) Regulation 78 by the deletion of the words "and may also determine the rotation in which any additional directors are to retire";
- (k) Regulation 84 by the addition of the words "Unless the contrary shall be provided in the terms of his appointment" at the beginning of the third sentence; and
- (l) Regulation 85(c) by the addition of the words ", subject to the terms of any contract of employment between the Company and the Director," between the words "shall" and "not".

1.4 These Articles and the regulations incorporated into them shall take effect subject to the requirements of the Act, the Companies Act 2006 and of every other statute for the time being in force affecting the Company.

1.5 In these Articles where the context so permits:

- (a) words importing the singular number only shall include the plural number, and vice versa;
- (b) words importing the masculine gender only shall include the feminine gender;
- (c) words importing persons shall include bodies corporate, unincorporated associations and partnerships;

- (d) the expression "**paid up**" shall include credited as paid up; and
 - (e) the word "**writing**" shall include using electronic communications.
- 1.6 References in these Articles to Regulations are to regulations in Table A and references to an Article by number are to a particular Article of these Articles.
 - 1.7 Words and expressions defined in or for the purposes of the Act, the Companies Act 2006 or Table A shall, unless these Articles provide otherwise, have the same meaning in these Articles. In the event of any inconsistency between a definition in the Act and a definition in the Companies Act 2006, the definition in the Companies Act 2006 shall prevail.
 - 1.8 Words and expressions defined elsewhere in these Articles shall bear the meanings thereby ascribed to them.
 - 1.9 Headings used in these Articles shall not affect their construction or interpretation.
 - 1.10 References to any statute or section of any statute shall include reference to any statutory amendment, extension, modification or re-enactment thereof for the time being in force including, for the avoidance of doubt, any modificatory or replacement provision made under the Companies Act 2006.

2 **AUTHORISED SHARE CAPITAL**

- 2.1 The Company is a private company as defined by Section 1 of the Act and accordingly any offer to the public (whether for cash or otherwise) of any shares in or debentures of the Company or any allotment of or agreement to allot (whether for cash or otherwise) any shares in or debentures of the Company with a view to all or any of these shares or debentures being offered for sale to the public shall be prohibited.
- 2.2 The authorised share capital of the Company at the date of the adoption of these Articles is £61,500 divided into 3,100,000 Ordinary Shares and 3,050, 000 A Ordinary Shares.
- 2.3 The A Ordinary Shares and the Ordinary Shares shall be separate classes of shares and carry the respective rights set out in these Articles.

3 **LIQUIDATION PREFERENCE AND ALLOCATION OF SALE PROCEEDS**

- 3.1 Upon a liquidation, dissolution or winding up of or other return of capital by the Company (a "**Capital Distribution Event**") or a Sale, the proceeds of such Sale or the assets of the company available to the Members (as the case may be, and each being the "**Proceeds**") shall be distributed (to the extent that the Company is lawfully permitted to do so) (among the Members (being, in the case of a Sale, the Members immediately prior to such Sale) by either:
 - 3.1.1 (A) in paying to each holder of A Ordinary Shares the Issue Price in respect of each A Ordinary Share of which it is the holder, (the "**Liquidation Preference**") and (B) in paying to the holders of the Shares (including for the avoidance of doubt the holders of the A Ordinary Shares) the balance of the Proceeds after payment in full of the Liquidation Preference in proportion to the number of Shares held by them (the "**Balancing Payment**") provided that, in the case of the A Ordinary Shares, the Balancing Payment shall not exceed an amount equal to two times the Liquidation Preference on each A Ordinary Share (with any excess balance payable to the holders of the Ordinary Shares in proportion to their respective holdings of Ordinary Shares); or

- 3.1.2 in paying to the holders of the Shares the Proceeds in proportion to the number of Shares held by them if to do so would result in a greater amount of the proceeds being payable to the holders of the A Ordinary Shares than would otherwise be payable under Article 3.1.1.
- 3.2 The provisions of Article 3.1 shall be subject to the following overriding provisions:
- (a) upon a Sale, those Shares not acquired by the relevant purchaser(s) shall not be entitled to any allocation of Proceeds pursuant to Article 3.1;
 - (b) if the Sale relates to a sale of A Ordinary Shares only to the proposed purchaser(s) and no Ordinary Shares are to be sold, the provisions of Clause 3.1 shall not apply; and
 - (c) the Members and the Board shall use all reasonable endeavours to reach agreement (without delay) as to the accuracy of calculations to be undertaken to give effect to the provisions of this Article 3. In the event that they fail to do so within 7 days, the Valuers shall be instructed to determine and state in writing to the Board what in its opinion are the results of such calculations. Any such opinion in writing shall, in the absence of manifest error, be final and binding on all of the shareholders, each of whom shall be sent a copy by the Board.
- 3.3 If a Listing is proposed then, immediately prior to and conditional on the Listing taking place, the Company shall complete all necessary steps required to reorganise or recapitalise the issued share capital of the Company (the "**Pre-Listing Reorganisation**") to ensure that the proportion of the Shares held by each Member following completion of such Pre-Listing Reorganisation entitles such Members to that amount of the proceeds of the Listing that each Member would have received in accordance with Article 3.1 if the Listing were a Sale (and assuming the valuation of the issued share capital of the Company immediately prior to the Listing constitutes the proceeds referred to in Article 3.1).
- 3.4 Unless otherwise agreed in writing by an Investor Majority, a Disposal will be regarded as a Capital Distribution Event in respect of the proceeds received by the Company in relation thereto (after payment of the expenses of the Group relating to the Disposal) (the "**Net Disposal Proceeds**") and the following provisions of this Article 3.4 shall apply to the Net Disposal Proceeds:
- 3.4.1 (subject to Article 3.4.2 below), the Net Disposal Proceeds shall be paid into an escrow account or into a client account of the Company's solicitors (in trust for the relevant shareholders) and shall be allocated between, and (to the extent that the Company is lawfully permitted to do so) distributed amongst the relevant Members in accordance with the provisions of Article 3.1, save that as regards any Net Disposal Proceeds that are not in cash the Company shall ensure that Alternative Arrangements (as defined in Article 3.4.2 below) are put in place;
 - 3.4.2 For the purposes of Article 3.4.1 "**Alternative Arrangements**" means arrangements proposed by the Board and approved in writing by an Investor Majority, taking into account the requirements of, and entitlements under, Article 3.1, provided that if within 10 Business Days of the relevant Disposal no Alternative Arrangements have been approved the Valuers shall be asked to determine the nature of the Alternative Arrangements and their determination shall apply for the purpose of this Article 3.4;
 - 3.4.3 the Members and the Company shall (to the extent legally permissible) use all their reasonable endeavours to ensure that the Net Disposal Proceeds are distributed amongst the Shareholders in accordance with Article 3.1; and

- 3.4.4 in the event that there is more than one Disposal, the provisions of Article 3.1 shall only be invoked in relation to any second or more Disposals to the extent that the aggregate amount received by the Investors pursuant to the earlier Disposal or Disposals has not exceeded an amount equal to three times the Liquidation Preference.

4 VARIATION OF CLASS RIGHTS

- 4.1 Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) 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 members representing not less than 75% of the total voting rights of eligible members of that class, or with the sanction of a special resolution passed at a separate meeting of members holding issued shares of that class, but not otherwise.
- 4.2 To every separate general meeting referred to in Article 4.1 all the provisions of these Articles relating to general meetings of the Company and to the proceedings at those meetings shall, with the necessary changes, apply, except that:
- (a) the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class (unless only one person holds issued shares of the class in which event such quorum shall be one person holding such shares);
 - (b) at an adjourned meeting the necessary quorum shall be one person holding shares of the class or his proxy;
 - (c) the holders of shares of the relevant class shall on a poll have one vote in respect of every share of that class held by them respectively; and
 - (d) a poll may be demanded by any holder of shares of the class whether present in person or by proxy.
- 4.3 Without prejudice to the generality of Article 4.1, the special rights attached to the A Ordinary Shares shall each be deemed to be varied at any time by any of the following:
- (a) an increase, reduction or other alteration in the authorised or issued share capital of the Company (save in accordance with Clause 3.3 or Clause 3.4 of the Investment Agreement) of the or any other member of the Group or a variation in the rights attaching to any class thereof;
 - (b) the grant of an option to subscribe for shares in the Company or any other member of the Group (other than grants of options under the Share Option Plan, where approved by the Remuneration Committee of the Board) or the issue of any securities or instruments convertible into shares in any such company;
 - (c) the creation by the Company or any other member of the Group of any mortgage, charge, pledge, lien, encumbrance or other security interest (excluding an interest arising by operation of law in the ordinary course of business);
 - (d) the making of any material change (including cessation) in the nature of the business of the Group taken as a whole;

- (e) the alteration of the memorandum of association of the Company or these Articles or the passing of any special resolution of the Members;
- (f) the declaration or payment of any dividend or the making of any other distribution in respect of the profits, assets or reserves of the Company or any other member of the Group;
- (g) the institution of any proceedings or the making of any application for, or the passing of any resolution for the winding up, receivership, liquidation, striking off or dissolution or administration of the Company or any other member of the Group;
- (h) the removal of any director (other than an Investor Director removed by an Investor Majority in accordance with Article 17 (*Investor Directors*) or a Founder Director removed in accordance with Article 18 (*Founder Director*));
- (i) a Sale, Disposal or Listing;
- (j) the registration or purported registration of any transfer of any share or interest therein other than as expressly permitted by these Articles;
- (k) the disposal of any share in the capital of any subsidiary of the Company;
- (l) the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company;
- (m) the passing of any resolution to approve a contract by the Company to purchase any of its shares;
- (n) the Company or its subsidiaries entering into any agreement or arrangement for the purchase of any business undertakings;
- (o) the appointment or removal of any director or officer of the Company or any subsidiary of the Company (other than an Investor Director or a Founder Director); or
- (p) the establishment or adoption of any retirement, death or disability scheme or any bonus or profit sharing scheme or any share option scheme, employee share ownership plan or employees' trust or other similar incentive scheme.

5 ISSUE OF SHARES

- 5.1 Subject to the Act and to Articles 4.1 and 4.3, all unissued Shares in the Company shall be under the control of the directors and they may offer, allot, grant rights or warrants to, subscribe for, grant options over, or otherwise deal with or dispose of unissued Shares in the Company to such persons and generally on such terms in such manner and at such time as they may determine; provided that if any such unissued Shares in the Company (other than those referred to in Article 5.2) are not offered, in the first instance, to all holders of fully paid Shares in the capital of the Company at the date of the offer, no such Shares may be offered, allotted, subject to any option, warrant or right to subscribe to any other person without the prior written consent of an Investor Majority which shall require to include Scottish Enterprise.

5.2 Subject as provided in Article 5.1, the Directors of the Company are hereby authorised pursuant to section 80 of the Act generally to exercise each and every power of the Company to:

- (a) allot and issue Ordinary Shares up to a maximum amount in nominal value of £4,747 in satisfaction of the exercise of share options granted by the Company from time to time; and
- (b) allot and issue A Ordinary Shares up to a maximum amount in nominal value of £5,538 in accordance with Clause 3.3 of the Investment Agreement; and
- (c) allot and issue A Ordinary Shares up to a maximum amount in nominal value of £8,861 in accordance with Clause 3.4 of the Investment Agreement,

(without prejudice to sub-section 7 of section 80 of the Act) such authorities to expire on the day immediately preceding the fifth anniversary of the adoption of these Articles.

5.3 The Company is hereby allowed to make before the authority conferred by Article 5.2 has expired one or more offers or agreements which would or might require relevant securities (as so defined) to be allotted after such authority has expired and the Directors may allot relevant securities (as so defined) after such authority conferred by Article 5.2 has expired in pursuance of each and every such offer or agreement made by the Company.

5.4 The authority conferred by this Article 5 is in addition to each (if any) other authority already given pursuant to the said section 80 whether contained in earlier articles of association of the Company or otherwise.

6 LIEN

All Shares to be sold in the enforcement of the Company's lien or rights of forfeiture shall be offered in accordance with Article 10 (*Compulsory Transfers*) as if a Deemed Transfer Notice were deemed given in respect of such Shares.

7 TRANSFER AND TRANSMISSION OF SHARES - GENERAL PROVISIONS

7.1 The Board shall not register the transfer of any Share or any interest in any Share unless the transfer is permitted by and is made in accordance with these Articles and is not prohibited under Article 13 (*Prohibited Transfers*).

7.2 For the purpose of ensuring that a transfer of Shares is in accordance with these Articles or that no circumstances have arisen whereby a Member may be bound to give or be deemed to have given a Transfer Notice the Board may from time to time require any Member or any person named as transferee in any transfer lodged for registration to furnish to the Board such information and evidence as they deem relevant for such purpose.

7.3 Failing such information or evidence being furnished to their reasonable satisfaction within a reasonable time after request under Article 7.2 the Board may (with the approval of an Investor Majority) in their absolute discretion refuse to register the transfer in question or (with the approval of an Investor Majority where no transfer is in question) require by notice in writing to the Member(s) concerned that a Transfer Notice be given in respect of the Shares concerned.

7.4 If such information or evidence requested under Article 7.2 discloses to the satisfaction of the Board in their absolute discretion (with the approval of an Investor Majority) that circumstances have arisen whereby a Member may be bound to give or be deemed to have

given a Transfer Notice the Board may in their absolute discretion (with the approval of an Investor Majority) by notice in writing to the Member(s) concerned require that a Transfer Notice be given in respect of the Shares concerned.

- 7.5 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 encumbrance.
- 7.6 A person who is not already a shareholder (or who has only become a shareholder through the death or bankruptcy of a Member) and who becomes entitled to a Share upon the death or bankruptcy of a Member:
- (a) shall only be entitled to vote that Share in line with the votes of the holder(s) of the majority of the Shares of the same class; and
 - (b) (without prejudice to any other provision of these Articles of Association) shall not be permitted to dispose of any Share or any interest in any Share except to an existing Member or in accordance with Article 11 (*Drag Along*) or Articles 12.4 to 12.6 (*Tag Along – Exit Sale Transaction*).

8 PERMITTED TRANSFERS

8.1 Definitions

For the purposes of Article 8 (*Permitted Transfers*), Article 9 (*Voluntary Transfers*) and Article 10 (*Compulsory Transfers*):

- (a) **"Family Member"** means, in relation to a Member, any of his spouse (or widow or widower), civil partner, children and grandchildren (including step and adopted children and grandchildren);
- (b) **"Family Trust"** means, in relation to a Member, a trust which does not permit any of the settled property or the income from it to be applied otherwise than for the benefit of that Member or any of his Family Members and under which no power of control over the voting powers conferred by any Shares, the subject of the trust is capable of being exercised by, or being subject to the consent of, any person other than the trustees or such Member or any of his Family Members;
- (c) **"investment fund"** means any arrangement constituting a collective investment scheme for the purpose of section 235 Financial Services and Markets Act 2000 (as amended or re-enacted for the time being) or which would constitute such a scheme if it did not fall within an exemption or exclusion to that section;
- (d) **"a member of the same group"** means, in relation to a body corporate, any other body corporate which is for the time being a holding company of that body corporate or a subsidiary of that body corporate or a subsidiary of any holding company of which that body corporate is also a subsidiary;
- (e) **"permitted transfer"** means any transfer of Shares expressly permitted under this Article 8;
- (f) **"Family Shares"** means, in relation to a Member, any Shares for the time being held by that Member or any of his Family Members or trustees of his Family Trust;

- (g) **"Scottish Enterprise"** means Scottish Enterprise established by the Enterprise and New Towns (Scotland) Act 1990 and having its principal place of business at 150 Broomielaw, Atlantic Quay, Glasgow, G2 8LU;
- (h) **"Scottish Enterprise Group"** means Scottish Enterprise, any subsidiary for the time being of Scottish Enterprise and any company corporation or other body of persons which shall have acquired the whole or substantially the whole of the undertaking of Scottish Enterprise or any subsidiary of such company, corporation or body and any other body to which the statutory functions of Scottish Enterprise have been delegated or a Scottish Enterprise Successor and the expression "member of the Scottish Enterprise Group" shall be construed accordingly; and
- (i) **"Scottish Enterprise Successor"** means any party succeeding in whole or in part to the interests of Scottish Enterprise.

8.2 **Family members and trusts**

- (a) Subject to Articles 8.2(b) to 8.2(d) (inclusive) and to Article 13 (*Prohibited Transfers*), any Member who is an individual may at any time transfer Shares originally allotted to and still held by him to a person or persons shown to the reasonable satisfaction of the Board to be:
 - (i) a Family Member of his; or
 - (ii) trustees to be held under a Family Trust for that Member.
- (b) No transfer of Shares shall be made under Article 8.2(a):
 - (i) unless an Investor Majority has confirmed in writing its satisfaction:
 - 1) with the terms of the instrument constituting the relevant family trust and in particular with the powers of the trustees including but not limited to the express power to give warranties and indemnities on any disposal of trust property;
 - 2) with the identity of the trustees and the procedures for the appointment and removal of trustees;
 - 3) with the restrictions on changes in the terms of the trust instrument and on distributions by the trustees; and
 - 4) that none of the costs incurred in establishing or maintaining the relevant Family Trust will be payable by any member of the Group; and
 - (ii) unless the aggregate number of Shares held by that Member following that transfer exceeds the aggregate number of Shares held by that Member's Family Trusts and Family Members.
- (c) Where Shares are held by trustees under a Family Trust:
 - (i) those Shares may, on any change of trustees, be transferred by those trustees to any new trustee of that Family Trust whose identity has been approved in writing by an Investor Majority;

- (ii) those Shares may at any time be transferred by those trustees to the settlor of that trust or any other person to whom the settlor could have transferred them under Article 8.2(a) if he had remained the holder of them; and
 - (iii) if and whenever any of those Shares cease to be held under a Family Trust (other than by virtue of a transfer made under Article 8.2(c)(ii)), the trustees shall forthwith give a Transfer Notice (as defined in Article 9.1) in respect of all the Shares then held by those trustees and in any event within 28 days of the Shares ceasing to be so held.
- (d) If any person has acquired Shares as a Family Member of a Member by way of one or more permitted transfers and that person ceases to be a Family Member of that Member (other than as a result of the death of the relevant Member), that person shall forthwith transfer all the Shares then held by that person back to that Member, for such consideration as they agree, within 28 days of the cessation or, in default of such agreement, at the Market Value (calculated in accordance with Article 9.14).
- (e) If the personal representatives of a deceased Member are permitted under these Articles to become registered as the holders of any of the deceased Member's Shares and elect to do so, such Shares may at any time be transferred by those personal representatives under this Article 8.2 to any person to whom the deceased Member could have transferred such Shares under this Article 8 if he had remained the holder of them. No other transfer of such Shares by personal representatives shall be permitted under this Article 8.

8.3 Groups of companies

- (a) Any Member which is a body corporate may at any time transfer any Shares held by it to a member of the same group.
- (b) Where Shares have been transferred under Article 8.3(a) (whether directly or indirectly or by a series of such transfers) from a Member (the "**Transferor**") to a member of the same group as the Transferor (the "**Transferee**") and subsequent to such transfer the Transferee ceases to be a member of that group the Transferee shall forthwith transfer all the Shares held by it to the Transferor, for such consideration as they agree and if they do not do so within 28 days of the date upon which the Transferee ceases to be a member of the same group the directors may require the Transferee to serve a Transfer Notice in respect of such Shares.

8.4 Investment funds

Any Shares held by or on behalf of an investment fund may be transferred:

- (a) to the investment fund for whom the Shares are held; or
- (b) to another investment fund which is managed or advised by the same manager or adviser as the transferor or by a manager or adviser which is a member of the same group as the transferor's manager or adviser; or
- (c) to any unit-holder, shareholder, partner or participant in, or manager or adviser (or an officer or employee, past or present, of such partner, manager or adviser) of that investment fund; or

- (d) to any custodian or nominee or other person so authorised, to be held solely on behalf of any person referred to in Article 8.4(a), (b) or (c) above.

8.5 **With consent**

A Member may transfer Shares to any person at any time with the prior written consent of both an Ordinary Majority and an Investor Majority.

8.6 **Scottish Enterprise**

Notwithstanding any other provision contained in these Articles, the directors shall register the transfer of any shares made from any member of the Scottish Enterprise Group to any other member of the Scottish Enterprise Group, without restriction as to price or otherwise, provided that should the transferee cease to be a member of the Scottish Enterprise Group it shall forthwith transfer all the Shares held by it to another member of the Scottish Enterprise Group.

9 **VOLUNTARY TRANSFERS**

- 9.1 Except as expressly permitted under Article 8 (*Permitted Transfers*), any Member who wishes to transfer any Share (a "**Vendor**") shall before transferring or agreeing to transfer such Share or any interest in it, serve notice in writing (a "**Transfer Notice**") on the Company of his wish to make that transfer. Save as expressly permitted by Article 8 (*Permitted Transfers*) and subject always to Article 11 (*Drag Along*), Article 12 (*Tag Along*) and Article 13 (*Prohibited Transfers*) a Member who wishes to transfer an interest in a Share (but not the Share itself) may do so only with the prior approval of both an Ordinary Majority and an Investor Majority.

- 9.2 In the Transfer Notice the Vendor shall specify:

- (a) the number of Shares which he wishes to transfer ("**Sale Shares**");
- (b) the identity of the person (if any) to whom the Vendor wishes to transfer the Sale Shares;
- (c) the price per share at which the Vendor wishes to transfer the Sale Shares (the "**Proposed 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 9 (a "**Total Transfer Condition**").

- 9.3 Each Transfer Notice shall:

- (a) relate to one class of Share only;
- (b) constitute the Company as the agent of the Vendor for the sale of the Sale Shares on the terms of this Article 9;
- (c) save as provided in Article 9.5, be irrevocable; and
- (d) not contain or be deemed to contain a Total Transfer Condition unless the same is both expressly stated therein and permitted by these Articles.

- 9.4 The Sale Shares shall be offered for purchase in accordance with this Article 9 at a price per Sale Share (the "**Sale Price**") agreed between the Vendor and the Board (with the approval of all Investor Directors) or, in default of such agreement by the end of the 20th business day after the date of service of the Transfer Notice, the lower of:
- (a) the Proposed 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 20th business day; and
 - (b) if the Board or an Investor Majority so elects within that 20 business day period after the date of service of the Transfer Notice, the price per share reported on by the Valuers as their written opinion of the open market value of each Sale Share in accordance with Article 9.14 (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).
- 9.5 If the Market Value is reported on by the Valuers under Article 9.4(b) to be less than the Proposed Price, the Vendor may revoke the Transfer Notice by written notice given to the Board within the period of 7 business days after the date the Board serves on the Vendor the Valuers' written opinion of the Market Value (the "**Withdrawal Period**").
- 9.6 The Board shall at least 10 business days after and no more than 20 business days after the Sale Price has been agreed or determined give an offer notice (an "**Offer Notice**") to all Members to whom the Sale Shares are to be offered in accordance with these Articles (whether first or second stage offerees).
- 9.7 An Offer Notice shall expire 15 business days after its service and shall:
- (a) specify the Sale Price;
 - (b) contain the other information set out in the Transfer Notice; and
 - (c) invite the relevant offerees to apply in writing, before expiry of the Offer Notice, to purchase the numbers of Shares specified by them in their application.
- 9.8 Sale Shares of a particular class specified in column (1) in the table below shall be offered:
- (a) in the first instance to all persons in the category set out in the corresponding line in column (2) in the table below;
 - (b) to the extent not accepted by persons in column (2), to all persons in the category set out in the corresponding line in column (3) in the table below, (but no Shares shall be treated as offered to the Vendor or any other Member who is then bound to give, has given or is deemed to have given a Transfer Notice); and
 - (c) to the extent not accepted by persons in column (3), to all persons in the category set out in the corresponding line in column (4) in the table below, (but no Shares shall be treated as offered to the Vendor or any other Member who is then bound to give, has given or is deemed to have given a Transfer Notice):

(1) Class of Sale Shares	(2) First Stage Offer to	(3) Second Stage Offer to	(4) Third Stage Offer to
Ordinary Share	If required by an Investor Majority or if required by the Board (with the approval of an Investor Majority), to a person who is replacing the Vendor as an employee or director of the Company or another member of the Group or to an appropriate vehicle to be held in anticipation of appointing such a person.	Members holding Ordinary Shares	Members holding A Ordinary Shares
A Ordinary Shares	Members holding A Ordinary Shares	Members holding Ordinary Shares	N/A

9.9 After the expiry date of the Offer Notice, (or, if earlier, after valid applications being received for all the Sale Shares in accordance with Article 9.7), the Board shall, in the priorities and in respect of each class of persons set out in the columns in the table in Article 9.8(a), allocate the Sale Shares in accordance with the applications received, subject to the other provisions of these Articles and Table A, save that:

- (a) if there are applications from any class of offerees for more than the number of Sale Shares available for that class of offerees, they shall be allocated to those applicants in proportion (as nearly as possible but without allocating to any Member more Sale Shares than the maximum number applied for by him) to the number of Shares of the class which entitles them to receive such offer then held by them respectively.
- (b) if it is not possible to allocate any of the Sale Shares without involving fractions, they shall be allocated amongst the applicants of each class in such manner as the Board shall think fit; and
- (c) if the Transfer Notice contained a Total Transfer Condition, no allocation of Sale Shares shall be made unless all the Sale Shares are allocated.

9.10 Within 5 business days of the expiry date of the last Offer Notice, the Board shall give notice in writing (a "Sale Notice") to the Vendor and to each person to whom Sale Shares have been allocated (each a "Purchaser") specifying the name and address of each Purchaser, the number of Sale Shares agreed to be purchased by him and the total price payable for them.

9.11 Completion of a sale and purchase of Sale Shares pursuant to a Sale Notice shall take place at the registered office of the Company at the time specified in the Sale Notice when the Vendor shall, upon payment to him by a Purchaser of the Sale Price in respect of the Sale

Shares allocated to that Purchaser, transfer those Sale Shares and deliver the relative share certificates to that Purchaser.

- 9.12 The Vendor may, during the period of 60 business days commencing 20 business days after the expiry date of the Offer Notice, sell all or any of those Sale Shares for which a Sale 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 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 if the Transfer Notice contained a Total Transfer Condition, the Vendor shall not be entitled, save with the written consent of all the other Members, to sell only some of the Sale Shares under this Article 9.12.
- 9.13 If a Vendor fails for any reason (including death) to transfer any Sale Shares when required pursuant to this Article 9:
- (a) the Board may authorise any person (who shall be deemed to be irrevocably appointed as the attorney of that Vendor for the purpose) to execute the necessary transfer of such Sale Shares and deliver it on the Vendor's behalf;
 - (b) the Company may receive the purchase money for such Sale Shares from the Purchaser and shall upon receipt (subject, if necessary, to the transfer being duly stamped) register the Purchaser as the holder of such Sale Shares;
 - (c) the Company shall hold such purchase money in a separate bank account on trust for the Vendor but shall not be bound to earn or pay interest on any money so held;
 - (d) the Company's receipt for such purchase money shall be a good discharge to the Purchaser who shall not be bound to see to the application of it; and
 - (e) after the name of the Purchaser has been entered in the register of Members in purported exercise of the power conferred by this Article 9.13, the validity of the proceedings shall not be questioned by any person.
- 9.14 If instructed to report on their opinion of Market Value under Article 9.4(b) the Valuers shall:
- (a) act as expert and not as arbitrator and their written determination shall be final and binding on the Members (except in the case of manifest error); and
 - (b) proceed on the basis that the open market value of each Sale Share shall be the sum which a willing purchaser would agree with a willing vendor to be the purchase price for all the class of Shares of which the Sale Shares forms part, divided by the number of issued Shares then comprised in that class but so that for this purpose the Ordinary Shares and A Ordinary Shares shall be valued as if they were one and the same class and sold ex dividend but taking no account of any premium or 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
 - (c) are entitled in their absolute discretion to appoint legal advisers to advise on the interpretation and effect of any records or documents provided to it for the purposes of determining the Market Value.

- 9.15 The Company will use its reasonable endeavours to procure that the Valuers deliver their written opinion of the Market Value to the Board and to the Vendor within 28 days of being requested to do so.
- 9.16 The Valuers' fees for reporting on their opinion of the Market Value and the fees of any legal advisers appointed by the Valuer pursuant to Article 9.14(c) shall be paid as to one half by the Vendor and as to the other half by the Purchasers *pro rata* to the number of Sale Shares purchased by them unless:

- (a) the Vendor revokes the Transfer Notice pursuant to Article 9.5; or
- (b) none of the Sale Shares are purchased pursuant to this Article 9

when the Vendor shall pay all the Valuers' fees.

10 COMPULSORY TRANSFER

10.1 In this Article 10, a "**Transfer Event**" occurs:

- (a) in relation to any Member, subject to Article 10.7, if that Member is at any time a director or employee of a member of the Group and:
 - (i) ceases to hold such office or employment within the period of one year ending on the first anniversary of the Completion Date (other than by reason of his or her death or serious ill health or him or her having to care for his or her spouse or civil partner where such person is suffering from serious ill health); and
 - (ii) does not remain or thereupon immediately become a director or employee of another member of the Group; or
- (b) in relation to any Member, if that Member or any Family Member or the trustees of any Family Trust of that Member shall attempt to deal with or dispose of any Share or any interest in it otherwise than in accordance with Article 8 (*Permitted Transfers*), Article 9 (*Voluntary Transfers*) and this Article 10 (*Compulsory Transfers*) or in breach of Article 12 (*Tag Along*) or Article 13 (*Prohibited Transfers*) and within the following twelve the Board resolves that such event is a Transfer Event in relation to that Member for the purposes of this Article 10; or
- (c) in relation to any Member, if that Member shall for any reason not give a Transfer Notice in respect of any Shares or transfer any Shares (as the case may be) as required by Article 7.3, 8.2(c)(iii), 8.2(d) or 8.3(b) and within the following twelve months either the Investor Majority notifies the Company or the Board resolves that such event is a Transfer Event in relation to that Member for the purposes of this Article 10; or
- (d) in relation to Slam (or any body corporate acquiring any Shares from Slam in accordance with these Articles), if there is an acquisition whether by purchase, transfer, renunciation or otherwise of shares in Slam or other transaction (including without limitation any issue or cancellation of shares or scheme of arrangement) which results in any person (other than Andrew Stewart McLennan and Linda Anne MacKellar and any Family Members or trustees of Family Trusts of either of them) holding or being entitled to hold any legal or beneficial interest in 50% or more of the issued share capital of Slam or of the voting rights at a general meeting of Slam.

- 10.2 Upon the giving of a notification or passing of resolution under Article 10.1 that the same is a Transfer Event the Member in respect of whom it is a Transfer Event (the "**Relevant Member**") and any other Member who has acquired Shares from him under a permitted transfer within Article 8.2, 8.3 or 8.4 (directly or by means of a series of two or more such permitted transfers) shall be deemed to have immediately given a Transfer Notice in respect of all the Shares then held by such Member(s) (where the Transfer Event is an event falling under Article 10.1(b) or 10.1(c) or 10.1(d)) or half of the Shares then held by such Member(s) (where the Transfer Event is an event falling under Article 10.1(a) (a "**Deemed Transfer Notice**")), (which expression includes a Transfer Notice given under Article 8.2(c)(iii)).
- 10.3 For the purpose of Article 10.2 and 10.4, any Shares received by way of rights or on a capitalisation by any person to whom Shares may have been transferred (directly or by means of a series of two or more permitted transfers) shall also be treated as included within the Deemed Transfer Notice.
- 10.4 A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Shares except for Shares which have then been validly transferred pursuant to that Transfer Notice.
- 10.5 Notwithstanding any other provision of these Articles, if an Investor Majority so resolves in relation to any Shares, any Member holding Shares in respect of which a Deemed Transfer Notice is deemed given shall not be entitled to exercise any voting rights at general meetings of the Company in respect of those Shares on and from the date of the relevant Deemed Transfer Notice until the entry in the register of members of the Company of another person as the holder of those Shares. In the event that any Shares in respect of a Deemed Transfer Notice is deemed given have not been purchased by other Members pursuant to the procedures set out in Article 9, and such resolution of the Board shall cease to apply upon the completion of such procedures.
- 10.6 The Shares the subject of a Deemed Transfer Notice shall be offered for sale in accordance with Article 9 (*Voluntary Transfers*) as if they were Sale Shares in respect of which a Transfer Notice had been given and treating as the Vendor the person who is deemed to have given the Deemed Transfer Notice save that:
- (a) subject to Article 10.7, the Sale Price shall be a price per Sale Share agreed between the Vendor and the Board with the consent of an Investor Majority or, in default of agreement within 15 business days after the making of the notification or resolution under Article 10.1 that the same is a Transfer Event, the Market Value;
 - (b) a Deemed Transfer Notice shall be deemed not to contain a Total Transfer Condition and shall be irrevocable whether under Article 10.5 or otherwise;
 - (c) the Vendor may retain any Sale Shares for which Purchasers are not found; and
 - (d) the Sale Shares shall be sold together with all rights, attaching thereto as at the date of the Transfer Event, including the right to any dividend declared on those Shares after that date but not the right to any dividend declared prior to, but payable after, that date to which the Vendor shall remain entitled.
- 10.7 The Sale Price for any Sale Shares which are the subject of a Deemed Transfer Notice given as a consequence of a Transfer Event falling within Article 10.1(a) shall be equal to the par value of those Sale Shares unless that member was unfairly dismissed by each member of

the Group which employed him in which case the provisions of Article 10.6(a) shall apply to such Sale Shares.

10.8 For the purpose of Article 10.1(a), the date upon which a Member ceases to hold office as an employee shall:

- (a) where the employer terminates or purports to terminate a contract of employment by giving notice to the employee of the termination of the employment, (whether or not the same constitutes a wrongful or unfair dismissal), be the date of that notice (whether or not a payment is made by the employer in lieu of all or part of the notice period required to be given by the employer in respect of such termination);
- (b) where the employee terminates or purports to terminate a contract of employment by giving notice to the employer of the termination of the employment (whether or not he is lawfully able so to do), be the date of that notice or, if later, the date (if any) for the termination expressly stated in such notice;
- (c) subject to Article 10.8(a) and 10.8(b) where an employer or employee wrongfully repudiates the contract of employment and the other respectively accepts that the contract of employment has been terminated, be the date of such acceptance by the employee or employer respectively;
- (d) where a contract of employment is terminated under the doctrine of frustration, be the date of the frustrating event; and
- (e) where a contract of employment is terminated for any reason other than in the circumstances set out in Article 10.8(a) to (d) (inclusive) be the date on which the action or event giving rise to the termination occurs.

10.9 Once a Deemed Transfer Notice shall under these Articles be deemed to have been served in respect of any Share then, except as permitted by Article 8.5 no permitted transfer under Article 8 (*Permitted Transfers*) may be made in respect of such Share unless and until a Offer Notice shall have been served in respect of such Share and the period of allocation permitted under Article 9 (*Voluntary Transfers*) shall have expired without such allocation.

11 DRAG ALONG

11.1 If any one or more Members holding at least 65% of the Shares and including amongst their number all of the Investors (together the "**Selling Shareholders**") wish to transfer all their Shares (the "**Relevant Shares**"), the Selling Shareholders shall have the option (the "**Drag Option**") to require all the other holders of Shares to transfer all their shares with full title guarantee to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with this Article 11.

11.2 The Selling Shareholders may exercise the Drag Option by giving notice to that effect (a "**Drag Notice**") to all other Members (the "**Dragged Shareholders**") at any time before the registration of the transfer of Shares resulting in the Change of Control. A Drag Notice shall specify that the Dragged Shareholders are required to transfer all their Shares (the "**Dragged Shares**") pursuant to Article 11.1 to the Third Party Purchaser, the price at which the Dragged Shares are to be transferred (determined in accordance with Article 11.4) the proposed date of transfer and the identity of the Third Party Purchaser.

- 11.3 A Drag Notice is irrevocable but the Drag Notice and all obligations thereunder will lapse if for any reason there is not a Change of Control caused by a transfer of Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of the Drag Notice.
- 11.4 The Dragged Shareholders shall be obliged to sell the Dragged Shares at the price specified in the Drag Notice which shall attribute an equal value to all Shares (including the Relevant Shares).
- 11.5 Completion of the sale of the Dragged Shares shall take place on the same date as the date proposed for completion of the sale of the Selling Shareholders' Shares unless:
- (a) all of the Dragged Shareholders and the Selling Shareholders agree otherwise; or
 - (b) that date is less than 7 days after the date of the Drag Notice, when it shall be deferred until the 7th day after the date of the Drag Notice.
- 11.6 Each of the Dragged Shareholders shall on service of the Drag Notice be deemed to have irrevocably appointed each of the Selling Shareholders severally to be his attorney to execute any stock transfer and to do such other things as may be necessary or desirable to accept, transfer and complete the sale of the Dragged Shares pursuant to this Article 11.
- 11.7 In connection with the Sale the provisions of Article 3 (*Liquidation Preference and Allocation of Sale Proceeds*) shall apply to the proceeds of the Shares and save as aforesaid the provisions of this Article 11 shall prevail over any contrary provisions of these Articles including rights of pre-emption and other restrictions contained in these Articles which shall not apply on any sale and transfer of Shares to the Third Party Purchaser named in a Drag Notice. Any Transfer Notice or Deemed Transfer Notice served in respect of any Share shall automatically be revoked by the service of a Drag.
- 12 **TAG ALONG**
- 12.1 Subject to Article 11 (*Drag Along*) but notwithstanding any other provision in these Articles (other than Article 8 (Permitted Transfers) which shall be excluded from the scope of this Article 12) no sale or transfer or other disposition by any Member (the "**Selling Shareholder**") of any interest in any Share (the "**Specified Shares**") shall have any effect unless before the transfer is lodged for registration the Third Party Purchaser has made a *bona fide* offer in accordance with these Articles to purchase at the Specified Price (defined in Article 12.3), the same proportion of the Shares held by each Member holding A Ordinary Shares (who is not acting in concert or otherwise connected with the Third Party Purchaser) as the Specified Shares represent as a proportion of all the Shares held by the Selling Shareholder (the "**Uncommitted Shares**").
- 12.2 An offer made under Article 12.1 shall be in writing, given in accordance with Article 23, open for acceptance for at least 21 days, and shall be deemed to be rejected by any member who has not accepted it in accordance with its terms within the time period prescribed for acceptance and the consideration thereunder shall be settled in full on completion of the purchase and within 30 days of the date of the offer.
- 12.3 For the purposes of this Article 12:
- (a) the expression "**transfer**", "**transferor**" and "**transferee**" include respectively the renunciation of a renounceable letter of allotment, and any renouncer and renounee of such letter of allotment; and
 - (b) the expression "**Specified Price**" means the higher of:-

- i) a price per share at least equal to the highest price paid or payable by the Third Party Purchaser or persons acting in concert with him or connected with him for any Shares within the last six months (including to avoid doubt the Specified Shares) plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of the Specified Shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the Specified Shares Provided always that an equal value shall be attributed to all Shares including the Specified Shares; and
 - ii) (if holder of 75% of the Uncommitted Shares shall so require) a price per share equal to the Issue Price thereof plus a sum equal to any arrears or accruals of the dividends on that Share if such Share is sold cum such dividend grossed up to reflect the tax credit payable in respect of such dividend if paid at that date calculated down to the date the transfer is completed.
 - (c) If any part of the Specified Price is payable otherwise than in cash any Member may require, as a condition of his acceptance of the offer, to receive in cash on transfer all or any of the price offered for his Uncommitted Shares.
 - (d) If the Specified Price or its cash equivalent cannot be agreed between the Third Party Purchaser and Members holding 75% of the Uncommitted Shares (excluding the Third Party Purchaser and persons acting in concert or otherwise connected with him), within 21 days of the proposed sale or transfer referred to in Article 12.1 it may be referred to the Valuers by any Member and, pending its determination, the sale or transfer referred to in Article 12.1 shall have no effect.
 - (e) On the Sale effected under this Article 12, the provisions of Article 3 (*Liquidation Preference and Allocation of Sale Proceeds*) shall apply to the proceeds of the Shares.
- 12.4 Subject to Article 11 (*Drag Along*) but notwithstanding any other provision in these Articles no sale or transfer or other disposition by any Member (the "**Selling Shareholder**") of any interest in any Share (the "**Specified Shares**") in circumstances where the Drag Option applies (an "**Exit Sale Transaction**") shall have any effect unless before the transfer is lodged for registration the Third Party Purchaser has made a *bona fide* offer in accordance with these Articles to purchase at the Exit Specified Price (defined in Article 12.6), the Shares held by each Member holding Ordinary Shares (who is not acting in concert or otherwise connected with the Third Party Purchaser) (the "**Uncommitted Shares**").
- 12.5 An offer made under Article 12.4 shall be in writing, given in accordance with Article 23, open for acceptance for at least 10 days, and shall be deemed to be rejected by any member who has not accepted it in accordance with its terms within the time period prescribed for acceptance.
- 12.6 For the purposes of Article 12.4, the expression "**Exit Specified Price**" means a price per share at least equal to the price payable for the Specified Shares under the Exit Sale Transaction.

13 PROHIBITED TRANSFERS

Notwithstanding any other provision of these Articles, no transfer of any Share shall be registered if it is to:

- (a) any minor, undischarged bankrupt, trustee in bankruptcy or person of unsound mind (as such may be determined by the Board); or
- (b) any person (other than a Third Party Purchaser named in a Drag Notice) who has not executed a deed of adherence to, and in the manner required by, the Investment Agreement.

14 GENERAL MEETINGS

- 14.1 The Board shall procure that the annual general meeting in respect of each financial year shall be convened to take place not later than 42 days after the date of the auditors' report contained in the audited accounts of the Company for the relevant financial year and that the audited accounts and report shall be laid thereat.
- 14.2 Notice of a general meeting need not be given to any director in that capacity. Regulation 38 shall be modified accordingly.
- 14.3 Regulation 37 shall be amended by the insertion of the words "or an Investor Director acting alone" after the second word of that Regulation.

15 PROCEEDINGS AT GENERAL MEETINGS

- 15.1 The Chairman shall not be entitled to exercise any second or casting vote at any general meeting or class meeting.
- 15.2 A director shall not be required to hold any share qualification, but nevertheless shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of shares in the capital of the Company.
- 15.3 Regulation 40 shall be modified by the deletion of the words "each being a member or a proxy for a member or a duly authorised representative of a corporation" and by the substitution for them of the words "one being a member holding A Ordinary Shares and one being a member holding Ordinary Shares or, in each case, a proxy for such a member or a duly authorised representative of a corporation which is such a member".
- 15.4 If a meeting is adjourned under Regulation 41 because a quorum is not present, and at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the shareholders present shall form a quorum, and Regulation 41 shall be modified accordingly.
- 15.5 Regulation 62 shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to" and by the insertion at the end of the penultimate sentence of the regulation after the word "invalid" of the words "unless a majority of the Board (an Investor Director being part of that majority) resolve otherwise".

16 NUMBER OF DIRECTORS

The number of directors shall not be less than two and, excluding any Investor Directors, shall not be more than five. Regulation 64 shall not apply.

17 INVESTOR DIRECTOR

17.1

- 17.1.1 Subject to Article 17.1.3, any Investor which holds 7.5% or more of the issued Shares may at any time and on more than one occasion appoint any person to be a director (each an "**Investor Director**" which expression shall, where the context so permits, include a duly appointed alternate of such a director) and may at any time and on more than one occasion remove any Investor Director appointed by them.
- 17.1.2 Subject to Article 17.1.3, in the event that an Investor is entitled to appoint but does not appoint an Investor Director in accordance with Article 17.1.1 (the "**Declining Investor**"), any other Investor entitled to appoint an Investor Director in accordance with Article 17.1.1 shall be entitled to appoint an additional Investor Director and to remove any person so appointed for such period as no Investor Director is appointed by the Declining Investor.
- 17.1.3 The Investors shall be entitled to appoint only one Investor Director in aggregate in accordance with Articles 17.1.1 and 17.1.2 for so long as the Independent Non Executive Director has been and remains appointed to the Board. Where two Investor Directors have been and remain appointed in accordance with Articles 17.1.1 and 17.1.2 at the time of appointment of the Independent Non Executive Director, one Investor Director (the identity of which shall be agreed by the Investors) shall resign as a director so that there is only one Investor Director appointed to the Board. The Investor who appointed such director shall be deemed to have served a written notice in accordance with Article 17.3 removing the Investor Director with effect from the date of appointment of the Independent Non Executive Director.
- 17.2 There shall not be more than 2 Investor Directors in office at any time.
- 17.3 Any appointment or removal of an Investor Director shall be in writing served on the Company signed by the relevant person(s) and shall take effect at the time it is served on the Company or (if later) the date expressly stated therein. Any such appointment or removal by a corporation may be signed on its behalf by its duly authorised representative.
- 17.4 Upon written request by the person(s) appointing him the Company shall procure that any Investor Director is forthwith appointed as a director of any other member of the Group indicated in such request.
- 17.5 Regulation 81(e) shall not apply to an Investor Director save that in the event that the circumstances which would otherwise give rise to the application of Regulation 81(e) occur in relation to an Investor Director, the Company shall be permitted to suspend any payment due to such Investor Director or relevant Investor in respect of the provision of the services of the Investor Director.

18 FOUNDER DIRECTOR

- 18.1 If at any time fewer than two Founders are directors of the Company, any person or persons holding more than 50% of the Ordinary Shares then held by the Founders or persons to whom they have transferred shares in accordance with Article 8.2 may at any time and on more than one occasion appoint a Founder (or such other person as shall be approved by an Investor Majority) to be a director (the "**Founder Director**" which expression shall, where the context so permits, include a duly appointed alternate of such a director) and may at any time and on more than one occasion remove the Founder Director appointed by them.

- 18.2 There shall not be more than one Founder Director in office at any time.
- 18.3 Any appointment or removal of a Founder Director shall be in writing served on the Company signed by the relevant person(s) and shall take effect at the time it is served on the Company or (if later) the date expressly stated therein.
- 18.4 Upon written request by the person(s) appointing him the Company shall procure that the Founder Director is forthwith appointed as a director of any other member of the Group indicated in such request.

19 **ALTERNATE DIRECTORS**

- 19.1 The words "approved by resolution of the directors and" in Regulation 65 shall not apply to an appointment of an alternate director by an Investor Director.
- 19.2 A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.
- 19.3 If an alternate director is himself a director or attends any meeting as an alternate director for more than one director, his voting rights shall be cumulative but he shall only be counted once in deciding whether a quorum is present.

20 **PROCEEDINGS OF DIRECTORS**

- 20.1 The quorum for the transaction of business of the Board shall be one director who is also a holder of Ordinary Shares (if any such director is appointed) and all Investor Directors then appointed (unless the relevant Investor Director or the Investor appointing him has previously agreed otherwise in writing).
- 20.2 Notice of meetings of the Board shall be served on a Director who is absent from the United Kingdom. The third sentence of Regulation 88 shall not apply.
- 20.3 Any director or his alternate may validly participate in a meeting of the Board or a committee of the Board by conference telephone or other form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group which is larger than any other group, where the chairman of the meeting is.
- 20.4 Except with the prior written consent of all Investor Directors:
- (a) the Board shall not delegate any of its powers to a committee other than a Remuneration Committee constituted as specified in the Investment Agreement; and
 - (b) meetings of the Board shall not be held outside the United Kingdom.
- 20.5 The Chairman of the Board shall not have a second or casting vote at a meeting of the Board.
- 20.6 A director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest at a meeting of the Board or any committee of the Board in accordance with

Section 177 and/or Section 182 of the Companies Act 2006. Subject to such disclosure as aforesaid, and to any terms and conditions imposed by the directors in accordance with Article 20.7, a director may vote in respect of any contract or proposed contract or arrangement in which he is interested and if he does so vote his vote shall be counted and he may be counted in ascertaining whether a quorum is present at any meeting at which any such contract or proposed contract or arrangement shall come before the directors for consideration and may retain for his own absolute use and benefit all profits and advantages accruing to him therefrom. Provided always that a director on the Remuneration Committee may not at a meeting of such committee vote on any item concerning his own office, remuneration or benefits or in which he has a direct interest nor be counted in determining the quorum on such matter. For the purposes of this Article 20.6:

- 20.6.1 a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- 20.6.2 A director need not declare an interest under Article 20.6:
 - 20.6.2.1 if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
 - 20.6.2.2 of which the director is not aware, although for this purpose a director is treated as being aware of matters of which he ought reasonably to be aware;
 - 20.6.2.3 if, or to the extent that, the other directors are already aware of it, and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware based on information provided to them by the Company or the directors; or
 - 20.6.2.4 if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered at a board meeting.

Regulations 94 and 95 shall not apply.

20.7

- 20.7.1 The directors may, in accordance with the requirements set out in this Article 20.7, authorise any matter proposed to them by any director which would, if not authorised, involve a director breaching his duty under section 175 of the Companies Act 2006 to avoid conflicts of interest (a "Conflict").
- 20.7.2 Any authorisation under this Article 20.7 will be effective only if:
 - 20.7.2.1 the matter in question shall have been proposed by any director for consideration at a meeting of directors 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;
 - 20.7.2.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question (and where such director is required to form the quorum in accordance with Article 20.1, such director shall be deemed to have waived his right to form part of the quorum at the meeting at which the Conflict is to be considered); and
 - 20.7.2.3 the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.

- 20.7.3 Any authorisation of a matter under this Article 20.7 may (whether at the time of giving the authority or subsequently):
- 20.7.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
 - 20.7.3.2 be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine;
 - 20.7.3.3 be terminated or varied by the directors at any time.

This will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.

- 20.7.4 In authorising a Conflict the directors may decide (whether at the time of giving the authority or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person the director is under no obligation to:

- 20.7.4.1 disclose such information to the directors or to any director or other officer or employee of the company;
- 20.7.4.2 use or apply any such information in performing his duties as a director,
where to do so would amount to a breach of that confidence.

- 20.7.5 Where the directors authorise a Conflict they may provide, without limitation (whether at the time of giving the authority or subsequently) that the director:

- 20.7.5.1 is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict;
- 20.7.5.2 is not given any documents or other information relating to the Conflict;
- 20.7.5.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.

- 20.7.6 Where the directors authorise a Conflict:

- 20.7.6.1 the director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict;
- 20.7.6.2 the director will not infringe any duty he owes to the company by virtue of sections 171 to 177 of the 2006 Act provided he acts in accordance with such terms, limits and conditions (if any) as the directors impose in respect of its authorisation.

21 RETIREMENT OF DIRECTORS

- 21.1 Directors shall not be required to retire by rotation. Regulations 76 to 77 and the last sentence of Regulation 84 shall not apply.
- 21.2 The office of a director (other than an Investor Director) shall be vacated if both:

(a) (being an executive director of the Company or any subsidiary) he ceases to hold office as an employee within the meaning of Article 10.8, of the Company or any subsidiary without being appointed or continuing to be an employee of another member of the Group; and

(b) a majority of the Board (including all Investor Directors) so requires.

Regulation 81 shall be extended accordingly.

22 NOTICES AND COMMUNICATIONS

22.1 The Company may send, supply or give any document, information or notice to a member by hard copy, electronic form or by making that document or information available on a website and giving notice of the availability of that document or information to the relevant member (provided that member has individually agreed (or is deemed to have agreed) to the Company sending or supplying documents or information generally or those documents or information in question to him by means of a website), in each case subject to the provisions of sections 1143 to 1148 and Schedule 5 of the Companies Act 2006.

22.2 A notice given by means of a website shall be deemed to have been sent, supplied or given when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

22.3 Any document, information or notice which is required to be sent or given to the Company shall be sent by hard copy or electronic form in each case, subject to the provisions of sections 1143 to 1148, Schedule 4 and Schedule 5 of the Companies Act 2006.

22.4 Proof that an envelope containing a document, notice or information was properly addressed, prepaid and posted shall be conclusive evidence that the document, notice or information was sent, supplied or given by post. A comprehensive transaction report or log generated by fax machine, suitably certified by or on behalf of the company, shall be conclusive evidence that a document, notice or information was sent, supplied or given by fax. A copy of a record of the total number of recipients sent to or each recipient to whom an e-mail message was sent together with any notices of failed transmissions and copies of records of subsequent re-sending, suitably certified by or on behalf of the company, shall be conclusive evidence that the document, notice or information was sent, supplied or given by e-mail.

23 INDEMNITY

23.1 Regulation 118 shall not apply to the Company. A Relevant Director may, with the approval of the Board and the consent of all Investor Directors then appointed, be indemnified out of the Company's assets against any liability (other than a liability to the Company or an associated company) which that director incurs in connection with:

(a) civil proceedings relating to the Company or an associated company (other than a liability incurred in defending proceedings brought by the Company or an associated company in which final judgment is given against the directors);

(b) criminal proceedings relating to the Company or an associated company (other than a fine imposed in such proceedings, or a liability incurred in defending proceedings in which the Relevant Director is convicted and the conviction is final);

- (c) regulatory action taken by or a regulatory investigation by a regulatory authority in relation to the company or an associated company (unless a sum is payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising));
- (d) any application for relief:
 - (i) under section 144(3) or (4) of the Companies Act 1985 (acquisition of shares by innocent nominee); or
 - (ii) section 1157 of the Companies Act 2006 (general power of court to grant relief in case of honest and reasonable conduct);

unless the court refuses to grant the director relief, and the refusal of relief is final.

23.2 A judgment, conviction or refusal of relief becomes final:

- (a) if not appealed against, at the end of the period for bringing an appeal; or
- (b) if appealed against, at the time when the appeal (or any further appeal) is disposed of.

23.3 An appeal is disposed of:

- (a) if it is determined and the period for bringing any further appeal has ended; or
- (b) if it is abandoned or otherwise ceases to have effect.

23.4 For the purposes of this Article 23:

- (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.

24 **INSURANCE**

24.1 The directors may, with the consent of all Investor Directors then appointed, purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.

24.2 In this Article:

- (a) a "**Relevant Officer**" means any director or former director of the Company, any other officer or employee or former officer or employee of the Company (but not its auditors); and
- (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 (within the meaning of Article 23.4(a).

25 **SHARE CERTIFICATES ETC.**

The Company may execute any share certificate, warrant or other document creating or evidencing any security allotted by the Company or any right or option to subscribe granted by the Company under the hand of two Directors or any one Director and the Company Secretary. Regulation 6 of Table A shall be extended accordingly.

26 SUBSIDIARY UNDERTAKINGS

26.1 The Board shall exercise all voting and other rights or powers of control exercisable by the Company in relation to itself and its subsidiary undertaking so as to secure (but as regards its subsidiary undertakings only in so far as by the exercise of such rights or powers of control the Board can secure) that:

- (a) no shares or other securities are issued or allotted by any such subsidiary and no rights are granted which might require the issue of any such shares or securities otherwise than to the Company or one of its wholly-owned subsidiaries; and
- (b) neither the Company nor any of its subsidiaries transfers or disposes of any shares or securities of any subsidiary of the Company or any interest therein or any rights attached thereto otherwise than to the Company or one of its wholly-owned subsidiaries, without in either case the previous consent in writing of an Investor Majority.

26.2 Subject to the provisions of the Act, the Board shall procure that each subsidiary undertaking of the Company (being a body corporate) shall make such distributions to the Company as shall enable it to pay all dividends falling to be paid on the Preferred Ordinary Shares and the Preference Shares and to redeem the Preference Shares on the due date (or so much of them as the distributable profits from time to time of the subsidiary undertaking shall permit).