

**THE COMPANIES ACT 2006**

**COMPANY LIMITED BY SHARES**

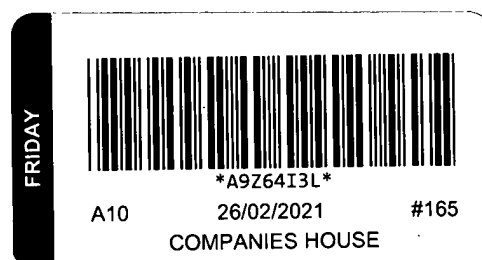
**NEW**

**ARTICLES OF ASSOCIATION**

**of**

**ELECTRIC AVIATION GROUP LTD**

(Adopted by a special resolution passed on 7 January 2021)



**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**  
**OF**

**ELECTRIC AVIATION GROUP LTD ("The Company")**

**INTRODUCTION**

**1. INTERPRETATION**

1.1 In these articles, unless the context otherwise requires:

<b>Act:</b>	means the Companies Act 2006;
<b>Appointor:</b>	has the meaning given in Article 10.1;
<b>Articles:</b>	means the Company's articles of association for the time being in force;
<b>B Ordinary Shares:</b>	means the B ordinary shares of £0.00001 each in the capital of the Company from time to time having the rights and being subject to the restrictions set out in article 3.3;
<b>Bad Leaver:</b>	<p>means a person who ceases to be an Employee at any time as a consequence of that person's dismissal as an Employee for cause, where "cause" shall mean :</p> <p>(i) the lawful termination of that person's contract of employment or consultancy without notice or payment in lieu of notice as a consequence of that person's misconduct or as otherwise permitted pursuant to the terms of that person's contract of employment or consultancy; and/or</p> <p>(ii) that person's fair dismissal pursuant to section 98(2) (a) (capability) or 98(2) (b) (conduct) of the Employment Rights Act 1996;</p>
<b>Business day:</b>	means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;
<b>Call:</b>	has the meaning given in article 25;
<b>Call Notice:</b>	has the meaning given in article 25;
<b>Company's lien:</b>	has the meaning given in article 23;
<b>Conflict:</b>	has the meaning given in article 7.1;

<b>Deferred Conversion Date:</b>	means the date that the Employees Shares convert into Deferred Shares pursuant to article 34.1.
<b>Deferred Shares:</b>	means deferred shares of £0.00001 each in the capital of the Company from time to time having the rights and being subject to the restrictions set out in article 3.4;
<b>Effective Termination Date:</b>	means the date on which the Employee's employment or consultancy terminates;
<b>Eligible director:</b>	means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter);
<b>Employee:</b>	means an individual (other than the Founder) who is employed by or who provides consultancy services to, the Company;
<b>Employee Shares:</b>	in relation to an Employee, means all Ordinary Shares held by the Employee in question;
<b>Founder:</b>	means Kamran Iqbal;
<b>Leaver's Percentage:</b>	<p>means, in relation to and for the purposes of determining the number of Employee Shares that are required (pursuant to article 34.1 to be converted into Deferred Shares as a result of an Employee ceasing to be an Employee within the period commencing on the Relevant Date and ending on the Effective Termination Date, the percentage (rounded to the nearest two decimal places) as calculated using the formula below:</p> $100 - ((1/60 \times 100) \times NM),$ <p>where NM = number of full calendar months from the Relevant Date to the Effective Termination Date such that the Leaver's Percentage shall be zero on the first day of the 61st month after the Relevant Date and thereafter;</p>
<b>Lien Enforcement Notice:</b>	has the meaning given in article 24;
<b>Model Articles:</b>	means 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;
<b>Ordinary Shares:</b>	means the ordinary shares of £0.00001 each in the capital of the Company from time to time;
<b>Relevant Date:</b>	means 16 October 2019;
<b>Relevant Period:</b>	means 60 months from the Relevant Date; and
<b>Shares:</b>	means the shares in the Company or rights to subscribe for, or to convert securities into, shares in the Company;

**Unvested:** means those Employee Shares which may be required to be converted into Deferred Shares under article 34.

- 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 a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:  
any subordinate legislation from time to time made under it; and  
any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms '**including**', '**include**', '**in particular**' or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- 1.8 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles.
- 1.9 Articles 8, 9 (1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 21, 24 (2) (c), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the Company.
- 1.10 Article 7 (2) of the Model Articles shall be amended by the insertion of the words '(for so long as he remains the sole director)' after the words 'and the director may'.
- 1.11 Article 20 of the Model Articles shall be amended by the insertion of the words '(including any alternate directors) and any secretary' before the words 'properly incur'.
- 1.12 Article 26 (1) of the Model Articles shall be amended by the insertion of the words "and, unless the share is fully paid, the transferee" after the word "transferor".
- 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 Model Article 28(2),’ 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”
- 1.16 Article 36(4) of the Model Articles shall be amended by the insertion of the words “, or towards paying up any amounts unpaid on existing shares held by the persons entitled” after the words “or as they may direct”.

## **2. OBJECTS OF THE COMPANY**

### **2.1 The Company’s objects are:**

- (a) to carry on business as a general commercial company; and
- (b) any other trade or business which may seem to the Company and its directors to be advantageous and to directly or indirectly enhance all or any of the business of the Company.

### **2.2 Notwithstanding article 2.1, the Company’s objects are unrestricted.**

## **SHARES**

## **3. SHARE CAPITAL**

- 3.1 The share capital of the Company is comprised of Ordinary Shares of £0.00001 each, B Ordinary Shares of £0.00001 each and Deferred Shares of £0.00001 each
- 3.2 Except as otherwise provided in these Articles, the Ordinary Shares and the B Ordinary Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.
- 3.3 The B Ordinary Shares do not confer any entitlement to receive any notice of nor to attend or speak at any general meeting of the Company and the holders of B Ordinary Shares shall not be entitled to vote at any general meeting unless the business of the meeting includes the consideration of a resolution for winding up the Company, in which case they will only be entitled to receive notice of and to attend (but not speak) at such meeting and will only be entitled to vote at the meeting on such resolution.
- 3.4 The rights attached to the Deferred Shares will be as follows:
- (a) Dividend: The holders of Deferred Shares shall have no right to participate in the profits of the Company.

(b) Capital: The holders of Deferred Shares shall not be entitled to any participation in the assets of the Company whether on a return of capital or a winding up or otherwise howsoever.

(c) Voting: The holders of Deferred Shares shall not be entitled to receive any notice of nor to attend or speak at any general meeting of the Company and such holders shall not be entitled to vote at any general meeting unless the business of the meeting includes the consideration of a resolution for winding up the Company, in which case they will only be entitled to receive notice of and to attend (but not speak) at such meeting and will only be entitled to vote at the meeting on such resolution.

(d) Transfer and cancellation: The creation or issue of Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person or persons as the Company may determine and to cancel the same in accordance with the Act without making any payment to or obtaining the sanction of the holders thereof and pending such transfer and/or cancellation to retain the certificates (if any) in respect thereof.

(e) Redemption: Subject to the provisions of the Act and to the provisions of these Articles, the Company may, at any time, without prior notice, redeem all Deferred Shares then in issue, for a total aggregate price not exceeding £1.00 for all such Deferred Shares redeemed. All Deferred Shares shall, upon redemption, immediately and automatically be cancelled and the Company shall not be entitled to reissue any of them. The maximum number of shares that the Company is authorised to issue shall automatically be deemed, on cancellation of the Deferred Shares, to be reduced by the number of Deferred Shares so redeemed.

### **3A. FURTHER ISSUES OF SHARES: AUTHORITY**

3A.1 Subject to the remaining provisions of this article 3A and to article 4, the directors are generally and unconditionally authorised, for the purposes of section 550 of the Act or, where the Company has more than one class of shares, section 551 (1) of the Act and generally, 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 deal in, or dispose of,

shares of the class(es) described in article 3.1 above to any person, at any time and subject to any terms and conditions as the directors think proper. Shares may be issued as nil, partly paid or fully paid shares

#### **4. FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS**

- 4.1. 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.
- 4.2 Any Shares shall be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper.
- 4.3 No shares shall be allotted to any employee, director, prospective employee or director unless such person has entered into a joint election with the company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.

#### **4A. Transfers of shares - General prohibition**

- 4A.1 No share may be transferred to any person unless the transfer has been validly made in accordance with article 4B or 4C.
- 4A.2 In these articles, references to the transfer of shares include the transfer, assignment or other disposal of any beneficial or other interest in shares, the grant of contractual rights or options over or in respect of shares, and the creation of a trust or encumbrance over shares, and references to shares include beneficial or other interests in shares.

#### **4B. Voluntary share transfers: offer round procedure**

##### **4B.1 Transfer notice**

- (a) Before transferring any shares (offered shares), the shareholder (other than the Founder) who wishes to transfer them (proposing transferor) must give written notice of his intention (transfer notice) to the company.
- (b) The transfer notice must specify:
- (i) the number of offered shares;
  - (ii) the proposed price for the offered shares; and
  - (iii) whether any person has indicated a willingness to acquire the offered shares at that price (and, if so, the identity of such person).

##### **4B.2 Effect of transfer notice**

- (a) A transfer notice constitutes the company (acting by the directors) as the proposing transferor's agent for the sale of the offered shares on the terms of this article 4B.
- (b) Any transfer of shares pursuant to this article 4B is to be on terms that the shares are transferred:
- (i) free from all charges and encumbrances; and
  - (ii) with the benefit of all rights attaching to them.
- (c) As soon as practicable after the receipt of any transfer notice, the directors are to serve a copy of the transfer notice on the Founder (offeree).

(d) A transfer notice is not revocable without the written consent of the directors, unless, before the expiry of seven days after the price has been fixed in accordance with these articles, the proposing transferor revokes it by notice in writing to the company (in which case the company must promptly notify the offeree). If a proposing transferor revokes a transfer notice, he may not subsequently transfer the shares the subject of the transfer notice (or any interest in them) otherwise than in accordance with these articles.

#### **4B.3 Sale price**

(a) The price of each of the offered shares (sale price) is to be such price as is agreed in writing between the proposing transferor and the directors or, in the absence of such agreement (whether by reason of disagreement, absence, death or otherwise) within 30 days after the date on which the transfer notice is given, such price as is assessed in accordance with article 4B.8.

(b) The sale price is to be conclusive and binding on all parties.

#### **4B.4 Offers to buy**

(a) Within a period of 14 days after the fixing of the sale price, the directors are to give notice in writing to the offeree inviting him to make a written offer (offer), to be delivered to the company within 30 days after the date when such notice is given (offer period), stating the maximum number of offered shares he is willing to purchase at the sale price.

(b) An offer constitutes an irrevocable offer to the proposing transferor to purchase some or all of the offered shares comprised in the directors' notice at the sale price.

#### **4B.5 Sale and purchase**

After the expiration of the offer period, and providing that (if the transfer notice states that the proposing transferor is not willing to transfer some only of the offered shares) the offeree has offered to purchase the whole of the offered shares, the directors are to notify the offeree (the buyer) and the proposed offeror of an offer received for the offered shares.

#### **4B.6 Completion**

On the directors giving written notice of any offer made to the proposing transferor and the buyer, the proposing transferor is to transfer the offered shares to the buyer against payment of the sale price in cleared funds. The transfer is to be completed at the place and time specified by the directors in their notice, not being less than three working days nor more than ten working days after the giving of the notice.

#### **4B.7 Default by the proposing transferor**

If the proposing transferor fails to transfer any offered shares to a buyer by the due completion date:

(a) the directors may authorise any director to execute, complete and deliver the necessary instrument of transfer in the name and on behalf of the proposing transferor;

(b) the company may receive the consideration for the relevant offered shares (to be held on trust for the proposing transferor, without interest); and

(c) the receipt of the company for the consideration is a good discharge to the buyer, and the buyer is not bound to see to the application of the consideration.



#### **4B.8 Sale price in default of agreement**

- (a) In default of agreement under article 4B.3(a), the directors are as soon as practicable to instruct an expert to determine the sale price as the fair value of the offered shares as at the date when the transfer notice was given (fair value).
- (b) The parties concerned must (subject to article 4B.9) co-operate in agreeing any reasonable requirements of the expert (once appointed) as to the terms of his appointment or otherwise.
- (c) The expert is to determine the fair value as between a willing transferor and a willing buyer contracting on arm's length terms, having regard to the fair value of the business of the company and every subsidiary of it as a going concern but without taking into account (if it is the case) that the offered shares constitute a minority interest or will after their transfer confer a controlling interest on the transferee.
- (d) In determining the fair value, the expert is to assume that the offered shares are capable of being transferred without restriction.
- (e) The directors are to take all reasonable steps to procure that the expert determines the fair value within 56 days of being instructed to do so.
- (f) The expert (subject as above in this article 4B.8) is to act as an expert and not as an arbitrator and his determination is to be final and binding on the shareholders (in the absence of fraud or manifest error).
- (g) The directors are to procure that the expert promptly sends to the proposing transferor and the offeree a copy of the expert's written determination of the fair value when given and of any documents accompanying it.
- (h) The expert's costs and expenses (including value added tax) are to be paid by the company unless the proposing transferor revokes the transfer notice under article 4B.2(d), in which case the costs and expenses are to be paid by the proposing transferor.
- (i) The expert is to be given access to all accounting records and other relevant documents of the company and all such other facilities and information as he may reasonably require for the purposes of his determination, on a confidential basis where appropriate.

#### **4B.9 Expert's terms of appointment**

- (a) If article 4B.8(a) applies, the proposed terms of the expert's appointment are to be determined by the directors and supplied to the proposing transferor in writing for his agreement. The agreement of the proposing transferor must not be unreasonably withheld or delayed. The proposing transferor will be deemed to have given his agreement ten working days after the directors have supplied the proposed terms in writing unless the proposing transferor expressly withholds his agreement within that time by notice to the company in writing accompanied by reasonable particulars of the grounds of his objection.
- (b) Subject to article 4B.90, the company and the proposing transferor must on written request by the expert accept the expert's terms of appointment in writing. If the proposing transferor fails to do so within 15 working days after such request is made, the proposing transferor will, on the company giving him notice in writing to that effect, be deemed to have revoked the transfer notice.

#### 4C DRAG ALONG

- 4C.1 If the Founder wishes to transfer all his Shares (the "Seller's Shares") to a proposed purchaser who has made an arms' length offer to acquire the Seller's Shares (a "Proposed Purchaser"), he shall have the option (the "Drag Along Option") to compel each other holder of Shares (each a "Called Shareholder" and together the "Called Shareholders") to sell and transfer all their Shares to the Proposed Purchaser or as the Proposed Purchaser shall direct (the "Drag Purchaser") in accordance with the provisions of this Article.
- 4C.2 The Founder may exercise the Drag Along Option by giving a written notice to that effect (a "Drag Along Notice") to the Company, which the Company shall forthwith copy to the Called Shareholders, at any time before the transfer of the Seller's Shares to the Drag Purchaser. A Drag Along Notice shall specify that:
- (a) the Called Shareholders are required to transfer all their Shares (the "**Called Shares**") under this Article;
  - (b) the person to whom they are to be transferred;
  - (c) the consideration (whether in cash or otherwise) for which the Called Shares are to be transferred (calculated in accordance with this Article);
  - (d) the proposed date of transfer, and
  - (e) the form of any sale agreement or form of acceptance or any other document of similar effect that the Called Shareholders are required to sign in connection with such sale (the "**Sale Agreement**"),
- (and, in the case of paragraphs (b) to (d) above, whether actually specified or to be determined in accordance with a mechanism described in the Drag Along Notice). No Drag Along Notice or Sale Agreement may require a Called Shareholder to agree to any terms which are more onerous than the obligations to be given by the Founder.
- 4C.3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Seller's Shares by the Founder to the Drag Purchaser within 60 Business Days after the date of service of the Drag Along Notice. The Founder shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 4C.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be equal to the price per share at which the Seller's Shares are to be sold, save that a holder of Deferred Shares shall only be entitled to £1 for all of their Deferred Shares.
- 4C.5 Within three Business Days of the Company copying the Drag Along Notice to the Called Shareholders (or such later date as may be specified in the Drag Along Notice) (the "Drag Completion Date"), each Called Shareholder shall deliver:
- (a) duly executed stock transfer form(s) for its Shares in favour of the Drag Purchaser;
  - (b) the relevant share certificate(s) (or a duly executed indemnity for lost certificate in a form acceptable to the Board) to the Company; and
  - (c) duly executed Sale Agreement, if applicable, in the form specified in the Drag Along Notice or as otherwise specified by the Company,

(together the "Drag Documents").

- 4C.6 On the Drag Completion Date, the Company shall pay or transfer to each Called Shareholder, on behalf of the Drag Purchaser, the Drag Consideration that is due to the extent the Drag Purchaser has paid, allotted or transferred such consideration to the Company. The Company's receipt of the Drag Consideration shall be a good discharge to the Drag Purchaser. Following the Company's receipt of the Drag Consideration, but pending its payment or transfer to the Called Shareholder, the Company shall hold the Drag Consideration in trust for each of the Called Shareholders without any obligation to pay interest.
- 4C.7 To the extent that the Drag Purchaser has not, on the Drag Completion Date, paid, allotted or transferred the Drag Consideration that is due to the Company, the Called Shareholders shall be entitled to the immediate return of the Drag Documents for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this Article 4C in respect of their Shares.
- 4C.8 If a Called Shareholder fails to deliver the Drag Documents for its Shares to the Company by the Drag Completion Date, the Company and each Director shall be constituted the agent of such defaulting Called Shareholder to take such actions and enter into any Drag Document or such other agreements or documents as are necessary to effect the transfer of the Called Shareholder's Shares pursuant to this Article 4C and the Directors shall, if requested by the Drag Purchaser, authorise any Director to transfer the Called Shareholder's Shares on the Called Shareholder's behalf to the Drag Purchaser to the extent the Drag Purchaser has, by the Drag Completion Date, paid, allotted or transferred the Drag Consideration to the Company for the Called Shareholder's Shares offered to him. The Board shall then authorise registration of the transfer once appropriate stamp duty (if any is required) has been paid. The defaulting Called Shareholder shall surrender his share certificate for his Shares (or suitable executed indemnity) to the Company. On surrender, he shall be entitled to the Drag Consideration due to him.
- 4C.9 Any transfer of Shares to a Drag Purchaser pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the provisions of Article 4B.
- 4C.10 On any person, following the issue of a Drag Along Notice, becoming a Shareholder pursuant to the exercise of a pre-existing option or warrant to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a "New Shareholder"), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice who shall then be bound to sell and transfer all Shares so acquired to the Drag Purchaser and the provisions of this Article shall apply with the necessary changes to the New Shareholder except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

## **5 DIRECTORS' MEETINGS**

- 5.1 Any 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. 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. Where there is only one director such a decision is taken when that director comes to a view on the matter. 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.
- 5.2 The quorum for the transaction of business at a meeting of directors is any two directors, however if there is only one director in office, the quorum for such meeting shall be one director. When the Company has only two directors, and the board is considering whether to authorise a conflict pursuant to article 7, the quorum for those purposes shall be one (but the director having the conflict shall not vote or count towards the quorum).
- 5.3 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 have a casting vote.

## **6. DIRECTORS' DEALINGS WITH THE COMPANY**

- 6.1 A director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act.
- 6.2 A director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act unless the interest has already been declared in accordance with article 6.1 above.
- 6.3 Subject to sections 177(5), 177(6), 182(5) and 182(6) of the Act, the disclosures required under articles 6.1 and 6.2 and any terms and conditions imposed by the directors, a director shall be entitled to vote in respect of any proposed or existing transaction or arrangement with the Company in which he is interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present.
- 6.4 A director need not declare an interest under article 6.1 and article 6.2 as the case may be:
- (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
  - (b) 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;

- (c) 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; or
- (d) 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.

## **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 breaching his duty under section 175 of the Act to avoid conflicts of interest (Conflict) provided that the required quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director.

7.2 Any authorisation of a Conflict under this article 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 so authorised;
- (b) be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine; and
- (c) be terminated or varied by the directors at any time; and

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

7.3 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation 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:

- (a) disclose such information to the directors or to any director or other officer or employee of the Company; or
- (b) 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.

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

- (a) is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict;
- (b) is not given any documents or other information relating to the Conflict; and
- (c) 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.

7.5 Where the directors authorise a Conflict:

- (a) the director will be obliged to conduct himself in accordance with any terms imposed by the directors in relation to the Conflict; and insofar as he does not do so their authorisation will no longer be valid; and
- (b) the director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act provided he acts in accordance with such terms, limits and conditions (if any) as the directors impose in respect of its authorisation and provided that the conflicted director is not in breach of his duties set out in s171 to 177 of the Act otherwise than by reason of the mere existence of the conflict.

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 (including but not limited to telephone, text message or e-mail) 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 directors (other than alternate directors) shall not be subject to any limitation. When the minimum number of directors shall be one, a sole director may exercise all powers and authorities vested in the directors by the Model Articles and by these articles.

10 **ALTERNATE DIRECTORS**

10.1 Any director (other than an alternate director) (in this article, **the appointor**) may appoint any person (whether or not a director) to be an alternate director to exercise that director's powers, and carry out that director's responsibilities, in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

10.2 Any appointment or removal of an alternate director must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.

10.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.

10.4 An alternate director has the same rights, in relation to any decision of the directors, as the alternate's appointor.

10.5 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointors; and
- (d) are not deemed to be agents of or for their appointors,

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

10.6 A person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating); and
- (b) may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, and does not himself participate).

10.7 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision).

10.8 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's appointor as the appointor may by notice in writing to the Company from time to time direct.

10.9 An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director; or
- (c) when the alternate director's appointor ceases to be a director for whatever reason.

## **11. APPOINTMENT OF DIRECTORS**

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.

**12. RIGHT TO DEMAND A POLL**

- 12.1 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.
- 12.2 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.

**13. PROXIES**

- 13.1 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'.
- 13.2 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.

**14. NO VOTING RIGHTS FOR SHARES ON WHICH MONEY IS OWED TO THE COMPANY**

No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the Company in respect of that share have been paid

**15. NOTICE**

- 15.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted;
  - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
  - (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
  - (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.



For the purposes of this article, no account shall be taken of any part of a day that is not a working day.

- 15.2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act.

## **16. INDEMNITY**

- 16.1 Subject to article 16.2, 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; and
- (ii) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or 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 16(1)(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

- 16.2 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.

- 16.3 In this article:

companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

a 'relevant officer' means any director or other officer or former 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), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

**17. TRANSFER OF SHARES**

- 17.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor, and, unless the share is fully paid, the transferee.
- 17.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 17.3 The company may retain any instrument of transfer which is registered.
- 17.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 17.5 The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

**18. SECRETARY**

The Company is not required to have a secretary, but directors may choose to 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.

**19. 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) with cash up to any amount in a financial year not exceeding the lower of:

- (a) £15,000; and
- (b) the value of 5% of the Company's share capital.

**20. INSURANCE**

In accordance with section 233 of the Act, 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 liability attaching to him which relates to the Company.

**21. DIVIDENDS**

- 21.1 In addition to the provisions as set out in the Model Articles, except as otherwise provided for by the Articles or the rights attached to shares, all dividends must be:

- (a) declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
  - (b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- 21.2 If any share is issued on terms providing that it ranks for dividend as from a particular date that share ranks for dividend accordingly.
- 21.3 For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.
- 22. DEDUCTIONS FROM DISTRIBUTIONS IN RESPECT OF SUMS OWED TO THE COMPANY**
- 22.1 If:
  - (a) a share is subject to the Company's lien (as defined in article 23), and;
  - (b) the directors are entitled to issue a Lien Enforcement Notice in respect of it, they may, instead of issuing a Lien Enforcement Notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the Company in respect of that share to the extent that they are entitled to require payment under a Lien Enforcement Notice.
- 22.2 Money so deducted under 22.1 above must be used to pay any of the sums payable in respect of that share.
- 22.3 The Company must notify the distribution recipient in writing of:
  - (a) the fact and amount of any such deduction;
  - (b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and
  - (c) how the money deducted has been applied.
- 23. COMPANY'S LIEN OVER SHARES**
- 23.1 The Company has a lien (the **Company's lien**) over every share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder of the share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.
- 23.2 The Company's lien over a share:
  - (a) takes priority over any third party's interest in that share; and

- (b) extends to any dividend or other money payable by the Company in respect of that share and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share.

23.3 The directors may at any time decide that a share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part.

## **24. ENFORCEMENT OF THE COMPANY'S LIEN**

24.1 Subject to the provisions of this article, if:

- (a) a Lien Enforcement Notice has been given in respect of a share; and
- (b) the person to whom the notice was given has failed to comply with it,

the Company may sell that share in such manner as the directors decide.

24.2 A Lien Enforcement Notice:

- (a) may only be given in respect of a share which is subject to the Company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;
- (b) must specify the share concerned;
- (c) must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- (d) must be addressed either to the holder of the share or to a transmittee of that holder; and
- (e) must state the Company's intention to sell the share if the notice is not complied with.

24.3 Where shares are sold under this article:

- (a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or to a person nominated by the purchaser; and
- (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.

24.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:

- (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice; and
- (b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the directors has been given for any lost certificates, and subject to a lien equivalent to the Company's lien over the

shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.

24.5 A statutory declaration by a director (or a Company secretary, if appointed) that the declarant is a director (or Company secretary) and that a share has been sold to satisfy the Company's lien on a specified date:

- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
- (b) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share.

## **25. CALL NOTICES**

25.1 Subject to the Articles and the terms on which shares are allotted, the directors may send a notice (a **call notice**) to a shareholder requiring the shareholder to pay the Company a specified sum of money (a **call**) which is payable to the Company at the date when the directors decide to send the call notice.

25.2 A call notice:

- (a) may not require a shareholder to pay a call which exceeds the total amount of his indebtedness or liability to the Company;
- (b) must state when and how any call to which it relates is to be paid; and
- (c) may permit or require the call to be made in instalments.

25.3 A shareholder must comply with the requirements of a call notice, but no shareholder is obliged to pay any call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent.

25.4 Before the Company has received any call due under a call notice the directors may:

- (a) revoke it wholly or in part; or
- (b) specify a later time for payment than is specified in the notice,

by a further notice in writing to the shareholder in respect of whose shares the call is made.

## **26. LIABILITY TO PAY CALLS**

26.1 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.

26.2 Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

26.3 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:

- (a) to pay calls which are not the same; or
- (b) to pay calls at different times.

**27. WHEN CALL NOTICE NEED NOT BE ISSUED**

27.1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share:

- (a) on allotment;
- (b) on the occurrence of a particular event; or
- (c) on a date fixed by or in accordance with the terms of issue.

27.2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

**28. FAILURE TO COMPLY WITH CALL NOTICE: AUTOMATIC CONSEQUENCES**

28.1 If a person is liable to pay a call and fails to do so by the call payment date:

- (a) the directors may issue a notice of intended forfeiture to that person; and
- (b) until the call is paid, that person must pay the Company interest on the call from the call payment date at the relevant rate.

28.2 For the purposes of this article:

- (a) the "**call payment date**" is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "**call payment date**" is that later date; and
- (b) the "relevant rate" is
  - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
  - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
  - (iii) if no rate is fixed in either of these ways, 5 per cent per annum.

28.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.

28.4 The directors may waive any obligation to pay interest on a call wholly or in part.

## **29. NOTICE OF INTENDED FORFEITURE**

A notice of intended forfeiture:

- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
- (b) must be sent to the holder of that share (or all the joint holders of that share) or to a transmittee of that holder;
- (c) must require payment of the call and any accrued interest and all expenses that may have been incurred by the Company by reason of such non-payment by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- (d) must state how the payment is to be made; and
- (e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

## **30. DIRECTORS' POWER TO FORFEIT SHARES**

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

## **31. EFFECT OF FORFEITURE**

31.1 Subject to the Articles, the forfeiture of a share extinguishes:

- (a) all interests in that share, and all claims and demands against the Company in respect of it; and
- (b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the Company.

31.2 Any share which is forfeited in accordance with the Articles:

- (a) is deemed to have been forfeited when the directors decide that it is forfeited;
- (b) is deemed to be the property of the Company; and
- (c) may be sold, re-allotted or otherwise disposed of as the directors think fit.

31.3 If a person's shares have been forfeited:

- (a) the Company must send that person notice that forfeiture has occurred and record it in the register of shareholders;
- (b) that person ceases to be a shareholder in respect of those shares;
- (c) that person must surrender the certificate for the shares forfeited to the Company for cancellation;

- (d) that person remains liable to the Company for all sums payable by that person under the Articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
- (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

31.4 At any time before the Company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls, interest and expenses due in respect of it and on such other terms as they think fit.

## **32. PROCEDURE FOLLOWING FORFEITURE**

32.1 If a forfeited share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.

32.2 A statutory declaration by a director or the Company secretary that the declarant is a director or the Company secretary and that a share has been forfeited on a specified date:

- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
- (b) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share.

32.3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.

32.4 If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which:

- (a) was, or would have become, payable; and
- (b) had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds and the Company is not required to account for any money earned on them.

## **33. SURRENDER OF SHARES**

33.1 A shareholder may surrender any share:

- (a) in respect of which the directors may issue a notice of intended forfeiture;
- (b) which the directors may forfeit; or



(c) which has been forfeited.

33.2 The directors may accept the surrender of any such share.

33.3 The effect of surrender on a share is the same as the effect of forfeiture on that share.

33.4 A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

#### **34. EMPLOYEE SHAREHOLDERS**

34.1 If at any time during the Relevant Period an Employee ceases to be an Employee, the Leaver's Percentage of the Employee Shares relating to such Employee shall automatically convert into Deferred Shares (on the basis of one Deferred Share for each Ordinary Share held) on the Effective Termination Date (rounded down to the nearest whole share), save that if such Employee ceases to be an Employee (whether during or after the Relevant Period) by reason of being a Bad Leaver all of such Employee Shares shall so convert.

34.2 Upon such conversion into Deferred Shares, the Company shall be entitled to enter the holder of the Deferred Shares on the register of members of the Company as the holder of the appropriate number of Deferred Shares as from the Deferred Conversion Date. Upon the Deferred Conversion Date, the Employee shall deliver to the Company at its registered office the shares certificate(s) (to the extent not already in the possession of the Company) (or an indemnity for lost certificate in a form acceptable to the Board) for the Unvested Shares so converting and upon such delivery there shall be issued to him share certificate(s) for the number of Deferred Shares resulting from the relevant conversion and any remaining Ordinary Shares.

34.3 All voting rights attached to Employee Shares held by an Employee (the "Restricted Member"), if any, shall at the time he ceases to be an Employee be suspended unless the Board notifies him otherwise.

34.4 Any Employee Shares whose voting rights are suspended pursuant to Article 34.3 ("Restricted Shares") shall confer on the holders of Restricted Shares the right to receive a notice of and attend all general meetings of the Company but shall have no right to vote either in person or by proxy or to vote on any proposed written resolution. Voting rights suspended pursuant to Article 34.3 shall be automatically restored immediately prior to an IPO. If a Restricted Member transfers any Restricted Shares in accordance with these Articles all voting rights attached to the Restricted Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of members) automatically be restored.