

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

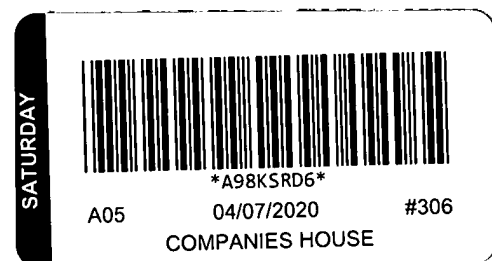
**ARTICLES OF ASSOCIATION**

**of**

**War Paint Mens Grooming Ltd**

**(Company number: 11034011)**

(Adopted by a special resolution passed on 7 May 2020)



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## 1. Introduction

- 1.1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the Date of Adoption (the "**Model Articles**") shall apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In these Articles and the Model Articles, any reference to any statutory provision shall be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.
- 1.3 In these Articles:
- (a) article headings are used for convenience only and shall not affect the construction or interpretation of these Articles;
  - (b) words denoting the singular include the plural and vice versa and reference to one gender includes the other gender and neuter and vice versa;
  - (c) Articles 8(2), 9(4), 10(3), 11(2), 13, 14, 17(2), 17(3), 19, 21, 26(5), 27, 28, 29, 30(5) to (7) (inclusive), , 44(4), 51, 52 and 53 of the Model Articles shall not apply to the Company; and
  - (d) reference to the "**holders**" of Shares or a class of Share shall exclude the Company holding Treasury Shares from time to time, unless stated otherwise.
- 1.4 Where there is reference to Seed Shares under these Articles, this reference shall be treated, where appropriate in the context, on an as converted basis if the Conversion Ratio has been adjusted.
- 1.5 The liability of the members of the Company is limited to the amount, if any, unpaid on the shares held by them.

## 2. Definitions

In these Articles, the following words and expressions shall have the following meanings:

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

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

"**Appointor**" has the meaning given in Article 24.1;

"**Asset Sale**" means the disposal by the Company and/or its Subsidiaries of all or substantially all of its undertaking and assets (where disposal may include, without limitation, the grant by the Company of an exclusive licence of intellectual property not entered into in the ordinary course of business);

"**Associate**" in relation to any person means:

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

(c) any Member of the same Fund Group;

**"Auditors"** means the auditors of the Company from time to time or, if the Company has not appointed auditors, its accountants for the time being;

**"Available Profits"** means profits available for distribution within the meaning of part 23 of the Act;

**"Bad Leaver"** means a person that ceases to be an Employee as a consequence of:

- (a) any conduct amounting to fraud, gross misconduct or any circumstances justifying summary dismissal; or
- (b) a material breach which is not cured to the reasonable satisfaction of the Company and a True Investor within 30 days of written notice from the Company of any of the restrictive covenant provisions of the Investment Agreement and/or the employment or consultancy agreement such person may have with any Group Company at any time before ceasing to be an Employee;

**"Board"** means the board of Directors of the Company and any committee of the board of Directors constituted from time to time for the purpose of taking any action or decision contemplated by these Articles;

**"Bonus Issue"** or **"Reorganisation"** means any return of capital, bonus issue of shares or other securities of the Company by way of capitalisation of profits or reserves (other than a capitalisation issue in substitution for or as an alternative to a cash dividend which is made available to the Seed Shareholders) or any consolidation or sub-division or redenomination or any repurchase or redemption of shares (other than Seed Shares) or any variation in the subscription price or conversion rate applicable to any other outstanding shares of the Company, in each case other than in respect of the grant of options under any Share Option Plan(s);

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

**"Buyer"** has the meaning given in Article 17.2(a);

**"Called Shares"** has the meaning given in Article 18.2(a);

**"Called Shareholder"** has the meaning given in Article 18.1;

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

**"Company"** means War Paint Mens Grooming Ltd incorporated and registered in England and Wales with company no: 11034011;

**"Company's Lien"** has the meaning given in Article 32.1;

**"Conditions"** has the meaning given in Article 8.1;

**"Connected"** has the meaning given in section 1122 of the CTA 2010;

**"Controlling Interest"** means an interest in Shares giving to the holder or holders of those Shares control of the Company within the meaning of section 1124 of the CTA 2010;

**"Conversion Date"** has the meaning given in Article 8.1;

**"Conversion Ratio"** has the meaning given in Article 8.6;

**"Co-Sale Notice"** has the meaning given in Article 17.2;

**"CTA 2010"** means the Corporation Tax Act 2010;

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

**"Deferred Shares"** means deferred shares of £0.00262497587 each in the capital of the Company from time to time;

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

**"Drag Along Notice"** has the meaning given in Article 18.2;

**"Drag Along Option"** has the meaning given in Article 18.1;

**"Drag Completion Date"** has the meaning given in Article 18.6;

**"Drag Consideration"** has the meaning given in Article 18.7;

**"Drag Documents"** has the meaning given in Article 18.6;

**"Drag Purchaser"** has the meaning given in Article 18.1;

**"electronic address"** has the same meaning as in section 333 of the Act;

**"electronic form"** and **"electronic means"** have the same meaning as in section 1168 of the Act;

**"EIS Investor"** means a person who has notified the Company prior to his subscription for Seed Shares that he wishes to obtain EIS Relief in respect of such Seed Shares;

**"Eligible Director"** means a Director who would be entitled to vote on a matter had it been proposed as a resolution at a meeting of the Directors;

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

**"Encumbrance"** means any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

**"Equity Securities"** has the meaning given in sections 560(1) to (3) inclusive of the Act and for the avoidance of doubt an allotment of Equity Securities includes a transfer of shares which immediately before such transfer were held by the Company as Treasury Shares;

**"Equity Shares"** means the Shares other than the Deferred Shares;

**"Fair Value"** is as determined in accordance with Article 20.2;

**"Family Trusts"** means as regards any particular individual member or deceased or former individual member, trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than the individual and/or Privileged Relations

of that individual; and so that for this purpose a person shall be considered to be beneficially interested in a share if such share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons;

**"Financial Year"** has the meaning given in section 390 of the Act;

**"Founder"** means Daniel Gray;

**"Fractional Holders"** has the meaning given in Article 8.10;

**"Fully Diluted Basis"** means at any time with respect to any class or type of shares in the capital of the Company:

- (a) all issued shares of that class or type of shares;
- (b) all such shares issuable in respect of securities (whether vested or unvested) convertible into or exchangeable for those shares; and
- (c) all shares issuable in respect of options, warrants or other rights (whether vested or unvested) or obligations;

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

**"Good Leaver"** means a person who ceases to be an Employee by reason of:

- (a) serious or permanent illness or disability as certified to the Board's (including the True Investor Director) reasonable satisfaction by an independent doctor; or
- (b) death; or
- (c) dismissal by the Company or resignation by the Employee in circumstances amounting to wrongful or constructive dismissal; or
- (d) where the True Investor determines that a person is not a Bad Leaver and is instead to be deemed a Good Leaver;

**"hard copy form"** has the same meaning as in section 1168 of the Act;

**"HBH Investors"** means David Hosking, David Brockwell and Roger Hanson.

**"Holding Company"** means a newly formed holding company, pursuant to which the membership, pro rata shareholdings and classes of shares comprised in such holding company matches that of the Company (excluding Treasury Shares) immediately prior to the transfer of the issued share capital of the Company to such holding company;

**"Investment Agreement"** means the investment agreement dated on or about the date of adoption of these Articles between, amongst others, the True Investor, the Redrice Investor and the other Investors (as such term is defined therein), the Founder and Matthew Lumb, the Existing Shareholders (as such terms are defined therein) and the Company;

**"Investor Majority"** means the holders of more than 50 per cent of Seed Shares including the True Investor and Redrice Investor from time to time;

**"Investor Majority Consent"** means the prior written consent of the Investor Majority;

**"Investors"** has the meaning given in the Investment Agreement;

**"In-Voluntary Intermediate Leaver"** the Founder who ceases to be an Employee by termination by the Company and who is not a Good Leaver, a Bad Leaver or a Voluntary Intermediate Leaver.

**"IPO"** means the admission of all or any of the Shares or securities representing those shares (including without limitation depositary interests, American depositary receipts, American depositary shares and/or other instruments) on NASDAQ or the Official List of the United Kingdom Listing Authority or the AIM Market operated by the London Stock Exchange Plc or any other recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

**"ITEPA"** means Income Tax (Earnings and Pensions) Act 2003;

**"Issue Price"** means the price at which the relevant Share is issued, including any premium;

**"Lien Enforcement Notice"** has the meaning given in Article 32.3;

**"Major Investor"** means each True Investor, Redrice Investor and a Shareholder who holds at least five per cent of the fully diluted share capital of the Company (and for the purposes of this definition the HBH Investors shall be deemed to be a Major Investor for such time as the HBH Investors and their Permitted Transferees hold in aggregate at least five per cent of the fully diluted share capital of the Company);

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

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

**"Member of the same Group"** means as regards any company, a company which is from time to time a Parent Undertaking or a Subsidiary Undertaking of that company or a Subsidiary Undertaking of any such Parent Undertaking;

**"Minimum Transfer Condition"** has the meaning given in Article 15.2(d);

**"NASDAQ"** means the NASDAQ Stock Market of the NASDAQ OMX Group Inc.;

**"New Securities"** means any shares or other securities convertible into, or carrying the right to subscribe for, shares issued by the Company after the Date of Adoption (other than shares or securities issued as a result of the events set out in Article 12.6) excluding, for the avoidance of doubt, any Treasury Shares transferred by the Company after the Date of Adoption;

**"New Shareholder"** has the meaning given in Article 18.11;

**"Non Vested Shares"** means any Shares of the Founder that are not vested in accordance with Article 9.1

**"ordinary resolution"** has the meaning given in section 282 of the Act;

**"Ordinary Shareholders"** means the holders from time to time of the Ordinary Shares (but excludes the Company holding Treasury Shares);

**"Ordinary Share Majority"** means the holders of a majority of the Ordinary Shares in issue from time to time;

**"Ordinary Shares"** means the ordinary shares of £0.00262497587 each in the capital of the Company from time to time;

**"Original Shareholder"** has the meaning given in Article 14.1;

**"Permitted Transfer"** means a transfer of Shares in accordance with Article 14;

**"Permitted Transferee"** means:

- (a) in relation to a Shareholder who is an individual, any of his Privileged Relations, Trustees or Qualifying Companies;
- (b) in relation to a Shareholder which is an undertaking (as defined in section 1161(1) of the Act), any Member of the same Group;
- (c) in relation to a Shareholder which is an Investment Fund, any Member of the same Fund Group;
- (d) in relation to a True Investor:
  - (i) any Member of the same Group;
  - (ii) any Member of the same Fund Group;
  - (iii) any other True Investor; or
  - (iv) any nominee of a True Investor; and
- (e) in relation to a Redrice Investor:
  - (i) any Member of the same Group;
  - (ii) any Member of the same Fund Group;
  - (iii) any other Redrice Investor; or
  - (iv) any nominee of a Redrice Investor.

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

**"Proceeds of Sale"** means the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling Shares under a Share Sale less any reasonable and properly incurred fees, costs and expenses



payable in respect of such Share Sale as approved by the Board, the True Investor and the Redrice Investor;

**"Proposed Drag Sale"** has the meaning given in Article 18.1;

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

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

**"Qualifying Company"** means a company in which a Shareholder or Trustee(s) holds the entire issued share capital and over which that Shareholder or Trustee(s) exercises control (within the meaning of section 1124 of the CTA 2010);

**"Qualifying Person"** has the meaning given in section 318(3) of the Act;

**"Redrice Investor"** means Redrice Ventures Ltd and its Permitted Transferees;

**"Redrice Investor Consent"** means the prior written consent of the Redrice Investor;

**"Redrice Investor Observer"** means the observer appointer by the Redrice Investor pursuant to Article 25.4;

**"Relevant Interest"** has the meaning given in Article 28.5;

**"Relevant Shares"** means as follows:

Type of leaver	Relevant Shares
Good Leaver	All the Shares registered in the Founder's or any of his Permitted Transferee's name or beneficially held by him or any Permitted Transferee that are Non Vested Shares
Bad Leaver	all of the Shares registered in the Founder's or any of his Permitted Transferee's names or beneficially held by him or any Permitted Transferee
Voluntary Intermediate Leaver who ceases to be an Employee within the period of 24 months from the date of adoption of these Articles	75% of the Vested Shares and all of the Non Vested Shares registered in the Founder's or any Permitted Transferee's name or beneficially held by him or any Permitted Transferee
Voluntary Intermediate Leaver who ceases to be an Employee after the date falling 24 months from the date of adoption of these Articles	50% of the Vested Shares and all of the Non Vested Shares registered in the Founder's or any Permitted Transferee's name or beneficially held by him or any Permitted Transferee
In-voluntary Intermediate Leaver who ceases to be an Employee within the period of 24 months from the date of adoption of these Articles	50% of the Vested Shares and all of the Non Vested Shares registered in the Founder's or any Permitted

	Transferee's name or beneficially held by him or any Permitted Transferee
In-voluntary Intermediate Leaver who ceases to be an Employee after the date falling 24 months from the date of adoption of these Articles	25% of the Vested Shares and all of the Non Vested Shares registered in the Founder's or any Permitted Transferee's name or beneficially held by him or any Permitted Transferee

**"Sale Agreement"** has the meaning given in Article 18.2(e);

**"Sale Shares"** has the meaning given in Article 15.2(a);

**"Seller"** has the meaning given in Article 15.2;

**"Sellers' Shares"** has the meaning given in Article 18.1;

**"Selling Shareholders"** has the meaning given in Article 18.1;

**"Seed Shareholders"** means the holders of the Seed Shares (but excludes the Company holding Treasury Shares);

**"Seed Shares"** means the seed convertible preferred shares of £0.00262497587 each in the capital of the Company from time to time;

**"Seed Share Majority"** means the holders of more than 50 per cent of Seed Shares including the True Investor and Redrice Investor from time to time;

**"Seed Share Majority Consent"** means the prior written consent of the Seed Share Majority;

**"Shareholder"** means any holder of any Shares (but excludes the Company holding Treasury Shares);

**"Share Option Plan(s)"** means the employee share option plan(s) of the Company representing 36% of the Company's total share capital;;

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

**"Shares"** means the Ordinary Shares, the Seed Shares and the Deferred Shares (if any) from time to time;

**"Starting Price"** means £25.44 per Seed Share;

**"Subscribers"** has the meaning given in Article 12.3;

**"Subscription Period"** has the meaning given in Article 12.2(a);

**"Subsidiary", "Subsidiary Undertaking" and "Parent Undertaking"** have the respective meanings set out in sections 1159 and 1162 of the Act;

**"Transfer Notice"** has the meaning given in Article 15.2;

**"Transfer Price"** has the meaning given in Article 15.3;

**"Treasury Shares"** means shares in the capital of the Company that are held by the Company as treasury shares from time to time within the meaning set out in section 724(5) of the Act; and

**"True Investor"** means True Capital Limited and its Permitted Transferees;

**"True Investor Director"** means the Director appointed by the True Investor pursuant to Article 25.2(a);

**"True Investor Observer"** means the observer appointer by the True Investor pursuant to Article 25.2(b);

**"Trustees"** in relation to a Shareholder, means the trustee or the trustees of a Family Trust;

**"Vested or Vested Shares"** means in relation to Shares held by the Founder or Permitted Transferee those shares which have vested pursuant to Article 9.1;

**"Voluntary Intermediate Leaver"** the Founder who ceases to be an Employee due to their voluntary resignation and who is neither a Good Leaver nor a Bad Leaver.

### 3. **Share capital**

- 3.1 In these Articles, unless the context requires otherwise, references to shares of a particular class shall include shares allotted and/or issued after the Date of Adoption and ranking pari passu in all respects (or in all respects except only as to the date from which those shares rank for dividend) with the shares of the relevant class then in issue.
- 3.2 Except as otherwise provided in these Articles, the Equity Shares shall rank pari passu in all respects but shall constitute separate classes of shares.
- 3.3 Except as otherwise provided in these Articles, all Seed Shares shall rank pari passu in all respects.
- 3.4 Except as required by law, no person shall be recognised by the Company as holding any share on any trust and (except as otherwise provided by these Articles or by law) the Company shall not be bound by or recognise any interest in any share except an absolute right of the holder to share in its entirety, even if the Company has notice of that interest.

### **Dividends**

- 3.5 Any Available Profits, which the Company may determine with the Investor Majority Consent to distribute in respect of any Financial Year, will be distributed among the holders of Equity Shares (pari passu as if the Equity Shares constituted one class of share) pro rata to their respective holdings of Equity Shares.
- 3.6 No Available Profits may be distributed to the relevant Shareholders unless all previously declared and unpaid dividends in respect of any Seed Shares have been paid in full to the holders of those Seed Shares.
- 3.7 Subject to the Act and these Articles, the Board may, provided Investor Majority Consent is given, pay interim dividends if justified by the Available Profits in respect of the relevant period.

#### **4. Liquidation**

4.1 On a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of Shares), the surplus assets of the Company remaining after payment of its liabilities shall be applied (to the extent that the Company is lawfully permitted to do so):

- (a) first, in paying to the holders of the Deferred Shares, if any, a total of £1.00 for the entire class of Deferred Shares (which payment shall be deemed satisfied by payment to any one holder of Deferred Shares);
- (b) second, in paying a sum equal to £X plus £100 (where X is an amount equal to 99.5 per cent. of the aggregate Issue Price of all the Seed Shares in issue at the relevant time plus all arrears or accruals of declared but unpaid dividends on the Seed Shares) to be distributed as to 0.5 per cent. plus £100 to the holders of Ordinary Shares pro rata according to the number of Ordinary Shares held by them and as to the balance to the holders of the Seed Shares such that each holder of Seed Shares receives in respect of each Seed Share held the Issue Price of that Seed Share (provided that if there are insufficient surplus assets to pay the Issue Price of each Seed Shares, such balance shall be distributed to the holders of Seed Shares pro rata according to the number of Seed Shares held); and
- (c) the balance of the surplus assets (if any) shall be distributed in a sum equal to 99.5 per cent. of the balance of the surplus assets (if any) to the holders of the Ordinary Shares pro-rata according to the number of Ordinary Shares held by them, and as to the balance in a sum equal to 0.5 per cent. of the balance to the holders of the Seed Shares pro rata to the number of Seed Shares held by them.

4.2 The Seed Shares will automatically convert into Ordinary Shares in accordance with the provisions of Article 8 immediately prior to a distribution of assets, liquidation or return of capital, where the holders of such converted Seed Shares would, in receiving their pro rata share of any assets distributed following such conversion, receive a higher amount for such converted Seed Shares than they would for the Seed Shares under Article 4.1. In this case, Article 4.1 (b) and (c) shall be disregarded and the surplus assets of the Company following the distribution set out in 4.1(a) above shall be distributed pro rata to the holders of Ordinary Shares.

#### **5. Exit provisions**

5.1 On a Share Sale, the Proceeds of Sale shall be distributed in the order of priority set out in Article 4 and the Directors shall not register any transfer of Shares if the Proceeds of Sale are not so distributed (save in respect of any Shares not sold in connection with that Share Sale), provided that if the Proceeds of Sale are not settled in their entirety upon completion of the Share Sale:

- (a) the Directors shall not be prohibited from registering the transfer of the relevant Shares so long as the Proceeds of Sale that are settled have been distributed in the order of priority set out in Article 4; and
- (b) the Shareholders shall take any action required by the True Investor to ensure that the Proceeds of Sale in their entirety are distributed in the order of priority set out in Article 4.

5.2 In the event that the Proceeds of Sale are distributed on more than one occasion (for any deferred or contingent consideration or otherwise), the consideration so distributed on any further occasion shall be paid by continuing the distribution from the previous distribution of consideration in the order of priority set out in Article 4.

- 5.3 On an Asset Sale, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in Article 4 provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, the Shareholders shall take any action required by (i) the Board; (ii) an Ordinary Share Majority and (iii) a Seed Share Majority (including, but without prejudice to the generality of this Article 5.3, actions that may be necessary to put the Company into voluntary liquidation) so that Article 4 applies.

**6. Votes in general meeting and written resolutions**

- 6.1 The Equity Shares shall confer on each holder of Equity Shares the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.
- 6.2 The Deferred Shares (if any) shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.
- 6.3 Where Shares confer a right to vote, on a show of hands each holder of such Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote, and on a poll each such holder so present shall have one vote for each Share held by him on an as converted basis.
- 6.4 No voting rights attached to a Share which is nil paid or partly paid may be exercised:
- (a) at any general meeting, at any adjournment of such meeting or at any poll called at or in relation to it; or
  - (b) on any proposed written resolution,
- unless all of the amounts payable to the Company in respect of that Share have been paid.

**7. Consolidation of Shares**

- 7.1 Whenever, as a result of a consolidation of Shares, any Shareholders would become entitled to fractions of a Share, the Directors may, on behalf of those Shareholders, sell the Shares representing the fractions for the best price reasonably obtainable to any purchaser (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among those Shareholders, and the Directors may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The Shareholders who sell their Shares in accordance with this Article 7.1 shall not be bound to see to the application of the purchase money nor shall their title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
- 7.2 When the Company sub-divides or consolidates all or any of its Shares, the Company may, subject to the Act and to these Articles, by ordinary resolution determine that, as between the Shares resulting from the sub-division or consolidation, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

## 8. Conversion of Seed Shares

- 8.1 Any holder of Seed Shares shall be entitled, by notice in writing to the Company, to require conversion into Ordinary Shares of all of the fully paid Seed Shares held by such holder at any time and those Seed Shares shall convert automatically on the date of such notice (the "**Conversion Date**"), provided that the holder may in such notice, state that conversion of its Seed Shares into Ordinary Shares is conditional upon the occurrence of one or more events (the "**Conditions**").
- 8.2 All of the fully paid Seed Shares shall automatically convert into Ordinary Shares:
- (a) on the date of a notice given by the Seed Share Majority (which date shall be treated as the Conversion Date);
  - (b) on the date of a notice given by the True Investor for their own Seed Shares only (which date shall be treated as the Conversion Date);
  - (c) on the date of a notice given by the Redrice Investor for their own Seed Shares only (which date shall be treated as the Conversion Date); or
  - (d) immediately upon the occurrence of an IPO, provided that the price at which shares are offered for sale on such IPO shall be not less than three times the Starting Price.
- 8.3 In the case of: (i) Articles 8.1 and 8.2(a), not more than five Business Days after the Conversion Date; or (ii) in the case of Article 8.2(d), at least five Business Days prior to the occurrence of the IPO, each holder of the relevant Seed Shares shall deliver the share certificate (or an indemnity for lost share certificates in a form acceptable to the Board) in respect of the Seed Shares being converted to the Company at its registered office for the time being.
- 8.4 Where conversion is mandatory on the occurrence of an IPO, that conversion will be effective only immediately prior to and conditional upon such IPO (and Conversion Date shall be construed accordingly), and if such IPO does not become effective or does not take place, such conversion shall be deemed not to have occurred.
- 8.5 In the event of a conversion under Article 8.1, if the Conditions have not been satisfied or waived by the relevant holder by the Conversion Date such conversion shall be deemed not to have occurred.
- 8.6 On the Conversion Date, the relevant Seed Shares shall without further authority than is contained in these Articles stand converted into Ordinary Shares on the basis of one Ordinary Share for each Seed Share held, subject to adjustment as set out in these Articles (the "**Conversion Ratio**"), and the Ordinary Shares resulting from that conversion shall in all other respects rank pari passu with the existing issued Ordinary Shares.
- 8.7 The Company shall on the Conversion Date enter the holder of the converted Seed Shares on the register of members of the Company as the holder of the appropriate number of Ordinary Shares and, subject to the relevant holder delivering its share certificate(s) (or an indemnity for lost share certificates in a form acceptable to the Board) in respect of the converted Seed Shares in accordance with this Article, the Company shall within 10 Business Days of the Conversion Date forward to such holder of the converted Seed Shares by post to his address shown in the register of members, free of charge, a definitive share certificate for the appropriate number of fully paid Ordinary Shares issued pursuant to the conversion.
- 8.8 On the Conversion Date (or as soon afterwards as it is possible to calculate the amount payable), the Company will, if it has sufficient Available Profits, pay to holders of the Seed Shares falling to be converted a dividend equal to all accruals of declared and unpaid dividends (if any) in relation to those Seed Shares to be calculated on a daily basis down to

and including the day immediately preceding the Conversion Date, which payment may be waived by a Seed Share Majority.

8.9 The Conversion Ratio shall from time to time be adjusted in accordance with the provisions of this Article:

- (a) if Seed Shares remain capable of being converted into new Ordinary Shares and there is a consolidation and/or sub-division of Ordinary Shares, the Conversion Ratio shall be adjusted by an amount to maintain the right to convert so as to ensure that each Seed Shareholder is in no better or worse position as a result of such consolidation or sub-division, such adjustment to become effective immediately after such consolidation or sub-division;
- (b) if Seed Shares remain capable of being converted into Ordinary Shares, on an allotment of fully-paid Ordinary Shares pursuant to a capitalisation of profits or reserves to holders of Ordinary Shares, the Conversion Ratio shall be adjusted by an amount to maintain the right to convert so as to ensure that each Seed Share is in no better or worse position as a result of such capitalisation of profits or reserves, such adjustment to become effective as at the record date for such issue.

8.10 If any Seed Shareholder becomes entitled to fractions of an Ordinary Share as a result of conversion ("**Fractional Holders**"), the Directors may (in their absolute discretion) deal with these fractions as they think fit on behalf of the Fractional Holders. In particular, the Directors may aggregate and sell the fractions to a person for the best price reasonably obtainable and distribute the net proceeds of sale in due proportions among the Fractional Holders or may ignore fractions or accrue the benefit of such fractions to the Company rather than the Fractional Holder. For the purposes of completing any such sale of fractions, the chairman of the Company or, failing him, the secretary will be deemed to have been appointed the Fractional Holder's agent for the purpose of the sale.

8.11 If a doubt or dispute arises concerning an adjustment of the Conversion Ratio in accordance with Article 8.9, or if so requested by a Seed Share Majority, the Board shall refer the matter to the Company's Auditors for determination who shall make available to all Shareholders their report and whose certificate as to the amount of the adjustment is, in the absence of manifest error, conclusive and binding on all concerned and their costs shall be met by the Company.

8.12 If Seed Shares remain capable of being converted into new Ordinary Shares and Ordinary Shares are offered by the Company by way of rights to holders of Ordinary Shares (an "**Offer By Way of Rights**"), the Company shall, on the making of each such offer, make a like offer to each Seed Shareholder as if immediately before the record date for the Offer By Way Of Rights, his Seed Shares had been converted into fully-paid Ordinary Shares at the then applicable Conversion Ratio.

## 9. **Founder Shares – Vesting**

9.1 The following Shares held by the Founder will be subject to the following vesting provisions: (a) 32,478 of the Ordinary Shares held by the Founder will vest on the date of adoption of these Articles; (b) the remaining 5,618 of the Ordinary Shares held by the Founder as at the date of adoption of these Articles will vest at the end of each month in equal monthly instalments for the subsequent 36 months following the adoption of these Articles.

9.2 If the Founder ceases to be an Employee the Founder's Relevant Shares, calculated as at the date the Founder ceases to be an Employee, shall be converted automatically into and be re-designated as Deferred Shares with immediate effect from the date of such cessation.

## **10. Deferred Shares**

10.1 Subject to the Act, any Deferred Shares may be purchased or (in the case of Shares issued as redeemable shares) redeemed by the Company at any time at its option for £1.00 for all the Deferred Shares registered in the name of any holder(s) without obtaining the sanction of the holder(s).

10.2 The allotment or issue of Deferred Shares or the conversion or re-designation of shares into Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time after their allotment, issue, conversion or re-designation, without obtaining the sanction of such holder(s), to:

- (a) appoint any person to execute any transfer of (or any agreement to transfer) such Deferred Shares to such person(s) as the Company may determine (as nominee or custodian thereof or otherwise); and/or
- (b) give, on behalf of such holder, consent to the cancellation of such Deferred Shares; and/or
- (c) purchase such Deferred Shares in accordance with the Act,

in any such case (i) for a price being not more than an aggregate sum of one penny for all the Deferred Shares registered in the name of such holder(s) and (ii) with the Company having authority pending such transfer, cancellation and/or purchase to retain the certificates (if any) in respect thereof.

10.3 No Deferred Share may be transferred without the prior consent of the Board.

## **11. Variation of rights**

11.1 Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding-up) with the consent in writing of the holders of more than 50 per cent. in nominal value of the issued shares of that class save that the special rights attaching to the Seed Shares may only be varied or abrogated with the Investor Majority Consent.

11.2 The creation of a new class of shares which has preferential rights to one or more existing classes of shares shall not constitute a variation of the rights of those existing classes of shares.

## **12. Allotment of new shares or other securities: pre-emption**

12.1 Sections 561(1) and 562(1) to (5) (inclusive) of the Act do not apply to an allotment of Equity Securities made by the Company.

12.2 Unless otherwise agreed by special resolution and Investor Majority Consent, and subject to Article 12.6, if the Company proposes to allot any New Securities, those New Securities shall not be allotted to any person unless the Company has in the first instance offered to each Shareholder its pro-rata share of the New Securities on the same terms and at the same price as those New Securities are being offered to other persons on an as converted and pari passu basis, where each Shareholder's pro-rata share is equal to the number of Shares held by such Shareholder divided by the number of Shares then in issue and on an as converted and pari passu basis (as nearly as may be without involving fractions). The offer:



- (a) shall be in writing, be open for acceptance from the date of the offer to the date 10 Business Days after the date of the offer (inclusive) (the "**Subscription Period**") and give details of the number and subscription price of the New Securities; and
  - (b) may stipulate that any Shareholder who wishes to subscribe for a number of New Securities in excess of the proportion to which that Shareholder is entitled shall in their acceptance state the number of excess New Securities for which they wish to subscribe.
- 12.3 If, at the end of the Subscription Period, the number of New Securities applied for is equal to or exceeds the number of New Securities, the New Securities shall be allotted to the Shareholders who have applied for New Securities (the "**Subscribers**") on a pro rata basis to the number of Shares held by such Subscribers, which procedure shall be repeated until all New Securities have been allotted (as nearly as may be without involving fractions or increasing the number allotted to any Subscriber beyond that applied for by him).
- 12.4 If, at the end of the Subscription Period, the number of New Securities applied for is less than the number of New Securities offered, the New Securities shall be allotted to the Subscribers in accordance with their applications and any remaining New Securities shall be offered, subject to Article 12.6, to any other person as the Directors may determine at the same price and on the same terms as the offer to the Subscribers.
- 12.5 Subject to the requirements of Articles 12.2 to 12.4 (inclusive) and to the provisions of section 551 of the Act, any New Securities shall be at the disposal of the Board 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, provided that the allotment or grant to that person must be approved by both the True Investor and the Redrice Investor.
- 12.6 The provisions of Articles 12.2 to 12.5 (inclusive) shall not apply to:
  - (a) securities issuable by the Company upon conversion of any of the Seed Shares or Ordinary Shares, or as a dividend or distribution in respect of the Seed Shares;
  - (b) securities issued by the Company upon the conversion of any debenture, warrant, option, or other convertible security;
  - (c) Ordinary Shares issuable upon a consolidation, sub-division, re-organisation, re-designation or dividend of Ordinary Shares;
  - (d) Ordinary Shares (or options to purchase Ordinary Shares) issued or issuable by the Company to Employees or Directors of, or consultants to, the Company pursuant to the Share Option Plan(s) approved by the Board;
  - (e) Ordinary Shares (or options to purchase Ordinary Shares) issued by the Company to banks or other financial institutions, equipment lessors or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board;
  - (f) Ordinary Shares (or options to purchase Ordinary Shares) issued by the Company to suppliers or third party service providers in connection with the provision of goods or services to the Company pursuant to transactions approved by the Board;
  - (g) Ordinary Shares (or options to purchase Ordinary Shares) issued by the Company pursuant to the acquisition of another corporation by the Company, whether by merger, purchase of substantially all of the assets or other reorganisation or to a joint venture agreement, provided, that such issuances are approved by the Board; or

- (h) New Securities which both a True Investor and Redrice Investor have agreed in writing should be issued without complying with the procedure set out in this Article 12 provided that this Article 12.6(h) shall only apply if the Company is unable to pay its debts within the meaning of section 122 of the Insolvency Act 1986 or in the absence of raising additional capital likely to become so within a period of 3 months.
- 12.7 Any New Securities offered under this Article to an Investor may be accepted in full or part only by a Member of the same Fund Group as that Investor or a Member of the same Group as that Investor in accordance with the terms of this Article.
- 12.8 No Shares shall be allotted (nor any Treasury Shares be transferred) to any Employee, Director, prospective Employee or prospective director of the Company, who in the opinion of the Board is subject to taxation in the United Kingdom, unless such person has entered into a joint section 431 ITEPA election with the Company if so required by the Company.
- 13. **Transfers of Shares – general**
- 13.1 In Articles 13 to 17 (inclusive), a reference to the transfer of a Share includes the transfer or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.
- 13.2 No Share may be transferred unless the transfer is made in accordance with these Articles.
- 13.3 If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles he will be deemed immediately to have served a Transfer Notice in respect of all Shares held by him.
- 13.4 Any transfer of a Share by way of sale which is required to be made under these Articles will be deemed to include a warranty that the transferor sells that Share with full title guarantee.
- 13.5 The Directors may refuse to register a transfer if:
  - (a) it is a transfer of a Share to a bankrupt, a minor or a person of unsound mind;
  - (b) the transfer is to an Employee, Director or prospective employee or prospective director of the Company, who in the opinion of the Board is subject to taxation in the United Kingdom, and such person has not entered into a joint section 431 ITEPA election with the Company;
  - (c) it is a transfer of a Share which is not fully paid:
    - (i) to a person of whom the Directors do not approve; or
    - (ii) on which Share the Company has a lien;
  - (d) the transfer is not lodged at the registered office or at such other place as the Directors may appoint;
  - (e) the transfer is not accompanied by the certificate for the Share(s) to which it relates (or an indemnity for lost certificate in a form acceptable to the Board) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
  - (f) the transfer is in respect of more than one class of Shares;

- (g) the transfer is in favour of more than four transferees; or
    - (h) these Articles otherwise provide that such transfer shall not be registered.
  - 13.6 If the Directors refuse to register a transfer, 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.
  - 13.7 The Directors may, as a condition to the registration of any transfer of Shares (whether pursuant to a Permitted Transfer or otherwise), require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of the Investment Agreement or any other similar document in force between some or all of the Shareholders and the Company in any form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) and if any condition is imposed in accordance with this Article 13.7 the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.
  - 13.8 To enable the Directors to determine whether or not there has been any disposal of Shares (or any interest in Shares) in breach of these Articles the Directors may require any holder or the legal personal representatives of any deceased holder or any person named as transferee in any transfer lodged for registration or any other person who the Directors may reasonably believe to have information relevant to that purpose, to furnish to the Company that information and evidence the Directors may request regarding any matter which they deem relevant to that purpose, including (but not limited to) the names, addresses and interests of all persons respectively having interests in the shares in the capital of the Company from time to time registered in the holder's name. If the information or evidence is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred or, where as a result of the information and evidence, the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares in writing of that fact and the following shall occur:
    - (a) the relevant Shares shall cease to confer upon the holder of them (including any proxy appointed by the holder) any rights:
      - (i) to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting or on a written resolution of the Company or at any separate meeting or written resolution of the class in question); or
      - (ii) to receive dividends or other distributions otherwise attaching to those Shares or to any further shares issued in respect of those Shares; and
    - (b) the holder may be required at any time following receipt of the notice to transfer some or all of its Shares to any person(s) at the price that the Directors may require by notice in writing to that holder.
- The rights referred to in (a) above may be reinstated by the Board and shall in any event be reinstated upon the completion of any transfer referred to in (b) above.
- 13.9 In any case where the Board requires a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of 10 Business Days of demand being made, a Transfer Notice shall be deemed to have been given at the expiration of that period.
- 13.10 If a Transfer Notice is required to be given by the Board or is deemed to have been given under these Articles, the Transfer Notice, unless otherwise specified in the Articles, will be treated as having specified that:

- (a) the Transfer Price for the Sale Shares will be as agreed between the Board (any Director who is a Seller or with whom the Seller is connected not voting) and the Seller, or, failing agreement within five Business Days after the date on which the Board becomes aware that a Transfer Notice has been deemed to have been given, will be the Fair Value of the Sale Shares;
  - (b) it does not include a Minimum Transfer Condition; and
  - (c) the Seller wishes to transfer all of the Shares held by it.
- 13.11 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.

#### 14. Permitted Transfers

- 14.1 A Shareholder (who is not a Permitted Transferee) (the "**Original Shareholder**") may transfer all or any of his or its Shares to a Permitted Transferee without restriction as to price or otherwise.
- 14.2 Shares previously transferred as permitted by Article 14.1 may be transferred by the transferee to the Original Shareholder or any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.
- 14.3 Where under the provision of a deceased Shareholder's will or laws as to intestacy, the persons legally or beneficially entitled to any Shares, whether immediately or contingently, are Permitted Transferees of the deceased Shareholder, the legal representative of the deceased Shareholder may transfer any Share to those Permitted Transferees, in each case without restriction as to price or otherwise.
- 14.4 If a Permitted Transferee who was a Member of the same Group as the Original Shareholder ceases to be a Member of the same Group as the Original Shareholder, the Permitted Transferee must, not later than five Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or a Member of the same Group as the Original Shareholder (which in either case is not in liquidation) without restriction as to price or otherwise failing which it will be deemed to have given a Transfer Notice in respect of those Shares on the first Business Day after the expiration of that five day period.
- 14.5 If a Permitted Transferee who was a Member of the same Fund Group as the Original Shareholder ceases to be a Member of the same Fund Group, the Permitted Transferee must not later than five Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or a Member of the same Fund Group as the Original Shareholder (which in either case is not in liquidation) without restriction as to price or otherwise failing which it will be deemed to give a Transfer Notice in respect of such Shares on the first Business Day after the expiration of that five day period.
- 14.6 Trustees may transfer Shares:
  - (a) to a Qualifying Company;
  - (b) to the Original Shareholder or to another Permitted Transferee of the Original Shareholder; or
  - (c) to the new or remaining trustees upon a change of Trustees without restrictions as to price or otherwise.
- 14.7 No transfer of Shares may be made to Trustees unless the Board is satisfied:

- (a) with the terms of the trust instrument and in particular with the powers of the trustees;
- (b) with the identity of the proposed Trustees;
- (c) the proposed transfer will not result in 50 per cent or more of the aggregate of the Company's equity share capital being held by trustees of that trust and/or any other trusts; and
- (d) that no costs incurred in connection with the setting up or administration of the Family Trust in question (if applicable) are to be paid by the Company.

14.8 If a Permitted Transferee who is a Qualifying Company of the Original Shareholder ceases to be a Qualifying Company of the Original Shareholder, it must within five Business Days of so ceasing, transfer the Shares held by it to the Original Shareholder (or, to any Permitted Transferee of the Original Shareholder) (and may do so without restriction as to price or otherwise) failing which it will be deemed (unless it obtains the approval of the Board) to have given a Transfer Notice in respect of such Shares on the first Business Day after the expiration of that five day period

14.9 If a Permitted Transferee who is a spouse or Civil Partner of the Original Shareholder ceases to be a spouse or Civil Partner of the Original Shareholder whether by reason of divorce or otherwise he must, within 15 Business Days of so ceasing either:

- (a) execute and deliver to the Company a transfer of the Shares held by him to the Original Shareholder (or, to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or
- (b) give a Transfer Notice to the Company in accordance with Article 15.2,

failing which he shall be deemed to have given a Transfer Notice on the first Business Day after the expiration of that five day period.

14.10 On the death (subject to Article 14.3), bankruptcy, liquidation, administration or administrative receivership of a Permitted Transferee (other than a joint holder) his personal representatives or trustee in bankruptcy, or its liquidator, administrator or administrative receiver (as applicable) must within five Business Days after the date of the grant of probate, the making of the bankruptcy order or the appointment of the liquidator, administrator or the administrative receiver execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee without restriction as to price or otherwise. The transfer shall be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder (who themselves is not bankrupt or in liquidation). If the transfer is not executed and delivered within five Business Days of such period or if the Original Shareholder has died or is bankrupt or is in liquidation, administration or administrative receivership, the personal representative or trustee in bankruptcy or liquidator, administrator or administrative receiver (as applicable) will be deemed to have given a Transfer Notice on the first Business Day after the expiration of that five day period.

14.11 A transfer of any Shares approved by the Board, a True Investor and the Redrice Investor may be made without restriction as to price or otherwise and with any such conditions as may be imposed and each such transfer shall be registered by the Directors.

14.12 Any Shares may at any time be transferred where there is a sale of the entire issued share capital of the Company to a Holding Company, which has been approved by the Board.

15. **Transfers of Shares subject to pre-emption rights**

15.1 Save where the provisions of Articles 14, 16 to 17 (inclusive) apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights contained in this Article.

15.2 A Shareholder who wishes to transfer Shares (a "**Seller**") shall, except as otherwise provided in these Articles, before transferring or agreeing to transfer any Shares give notice in writing (a "**Transfer Notice**") to the Company specifying:

- (a) the number of Shares which he wishes to transfer (the "**Sale Shares**");
- (b) if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee;
- (c) the price at which he wishes to transfer the Sale Shares; and
- (d) whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a "**Minimum Transfer Condition**").

15.3 If no cash price is specified by the Seller, the price at which the Sale Shares are to be transferred (the "**Transfer Price**") must be agreed by the Board. In addition, if the price is not specified in cash, an equivalent cash value price must be agreed between the Seller and the Board. In both cases, the price will be deemed to be the Fair Value of the Sale Shares if no price is agreed within five Business Days of the Company receiving the Transfer Notice.

15.4 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

15.5 For 15 Business Days following the later of:

- (a) receipt of a Transfer Notice; and
- (b) in the case where the Transfer Price has not been agreed, the determination of the Transfer Price in accordance with these Articles,

the Board shall, subject to Article 15.6, offer the Sale Shares for sale to all Major Investors pro rata to each Major Investor's existing shareholding and on an as converted and pari passu basis.

15.6 If the Sale Shares are subject to a Minimum Transfer Condition, then transfer of the Sale Shares to any of the Major Investors will be conditional on the fulfilment of the Minimum Transfer Condition.

15.7 In the event the Major Investors do not elect to acquire all of the Sale Shares, the Seller may, subject to the approval of the Board and all other restrictions on the transfer of Shares located in these Articles, within the 30 Business Day period following the expiration or waiver of the option rights granted to the Major Investors herein, transfer the Sale Shares which were not acquired by the Major Investors to any person at a price at least equal to the Transfer Price.

15.8 The right of the Seller to transfer Shares under Article 15.7 does not apply if the Board is of the opinion on reasonable grounds that:

- (a) the transferee is a person (or a nominee for a person) who the Board determines in its absolute discretion is a competitor with (or an Associate of a competitor with) the business of the Company or with a Subsidiary Undertaking of the Company;
- (b) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or

- (c) the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.

15.9 Any Sale Shares offered under this Article to a Major Investor may be accepted in full or part by a Member of the same Fund Group as that Major Investor or a Member of the same Group as that Major Investor in accordance with the terms of this Article.

## 16. Compulsory transfers – general

16.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be deemed to have given a Transfer Notice in respect of that Share at a time determined by the Directors.

16.2 If a Share remains registered in the name of a deceased Shareholder for longer than one year after the date of his death, the Directors may require the legal personal representatives of that deceased Shareholder either:

- (a) to effect a Permitted Transfer of such Shares (including for this purpose an election to be registered in respect of the Permitted Transfer); or
- (b) to show to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased Shareholder.

If either requirement in this Article shall not be fulfilled to the satisfaction of the Directors, a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that the Directors may otherwise determine.

16.3 If a Shareholder, which is a company, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets (other than as part of a bona fide restructuring or reorganisation), the relevant Shareholder (and all its Permitted Transferees) shall be deemed to have given a Transfer Notice in respect of all the Shares held by the relevant Shareholder and its Permitted Transferees, save to the extent that, and at a time, the Directors may determine.

## 17. Co-Sale Right

17.1 No transfer (other than a Permitted Transfer) of any Equity Shares held by any Proposed Seller may be made or validly registered unless the Proposed Seller shall have observed the following procedures of this Article, with the exception of any True Investor and/or any Redrice Investor and/or any of the HBH Investors.

17.2 After the Proposed Seller has gone through the pre-emption process set out in Article 15, the Proposed Seller shall give to the Seed Shareholders not less than 15 Business Days' notice in advance of the proposed sale (a "**Co-Sale Notice**"). The Co-Sale Notice shall specify:

- (a) the identity of the proposed purchaser (the "**Buyer**");
- (b) the price per share which the Buyer is proposing to pay;
- (c) the manner in which the consideration is to be paid;
- (d) the number of Equity Shares which the Proposed Seller proposes to sell; and
- (e) the address where the counter-notice should be sent.

For the purposes of this Article 18, it is acknowledged that Shares of different classes may be transferable at different prices, such price per class of Share being a sum equal to that to which they would be entitled if the consideration payable by the Buyer to the Proposed Seller were used to determine the valuation of the entire issued share capital of the Company and such valuation was then allocated as between the Shares in accordance with Articles 5 and 6.

- 17.3 Each Seed Shareholder shall be entitled within five Business Days after receipt of the Co-Sale Notice, to notify the Proposed Seller that they wish to sell a certain number of Equity Shares held by them at the proposed sale price, by sending a counter-notice which shall specify the number of Equity Shares which the Seed Shareholder wishes to sell. The maximum number of shares which the Seed Shareholder can sell under this procedure shall be:

$$(X/Y) \times Z$$

where:

X is the number of Shares held by the Seed Shareholder;

Y is the total number of Shares (excluding Treasury Shares) held by the Seed Shareholders and the Proposed Seller;

Z is the number of Equity Shares the Proposed Seller proposes to sell.

If a Seed Shareholder does not send a counter-notice within such five Business Day period such Seed Shareholder shall be deemed to have specified that they wish to sell no shares.

- 17.4 Following the expiry of five Business Days from the date the Seed Shareholder receives the Co-Sale Notice, the Proposed Seller shall be entitled to sell to the Buyer on the terms notified to the Seed Shareholder a number of shares not exceeding the number specified in the Co-Sale Notice less any shares which the Seed Shareholder has indicated it wishes to sell, provided that at the same time the Buyer (or another person) purchases from the Seed Shareholder the number of shares it has indicated it wishes to sell on terms no less favourable than those obtained by the Proposed Seller from the Buyer.
- 17.5 No sale by the Proposed Seller shall be made pursuant to any Co-Sale Notice more than three months after service of that Co-Sale Notice.
- 17.6 Sales made in accordance with this Article 17 shall not be subject to Article 15.

## 18. **Drag-along**

- 18.1 If (i) an Ordinary Share Majority and (ii) a Seed Share Majority (the "**Selling Shareholders**") wish to transfer all their interest in Equity Shares (the "**Sellers' Shares**") to a Proposed Purchaser, the Selling Shareholders 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.
- 18.2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "**Drag Along Notice**") to the Company which the Company shall forthwith copy to the Called Shareholders at any time before the transfer of the Sellers' 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 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).

- 18.3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Drag Purchaser within 60 Business Days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 18.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Drag Purchaser were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of Article 5.1 (the "**Drag Consideration**").
- 18.5 In respect of a transaction that is the subject of a Drag-Along Notice and with respect to any Drag Document, a Called Shareholder shall only be obliged to undertake to transfer his Shares with full title guarantee (and provide an indemnity for lost certificate in a form acceptable to the Board if so necessary) in receipt of the Drag Consideration when due and shall not be obliged to give warranties or indemnities except a warranty as to capacity to enter into a Drag Document and the full title guarantee of the Shares held by such Called Shareholder.
- 18.6 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 share 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**").
- 18.7 On the Drag Completion Date, the Company shall pay each Called Shareholder, on behalf of the Drag Purchaser, the Drag Consideration that is due to the extent the Drag Purchaser has paid such consideration to the Company. The Company's receipt of the Drag Consideration shall be a good discharge to the Drag Purchaser. The Company shall hold the Drag Consideration in trust for each of the Called Shareholders without any obligation to pay interest.

- 18.8 To the extent that the Drag Purchaser has not, on the Drag Completion Date, paid 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 in respect of their Shares.
- 18.9 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 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 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 has been paid. The defaulting Called Shareholder shall surrender his share certificate for his Shares (or suitable executed indemnity for lost share certificate) to the Company. On surrender, he shall be entitled to the Drag Consideration due to him.
- 18.10 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 15.
- 18.11 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.
- 18.12 In the event that an Asset Sale is approved by (i) the Board, (ii) an Ordinary Share Majority and (iii) a Seed Share Majority, such consenting Shareholders shall have the right, by notice in writing to all other Shareholders, to require such Shareholders to take any and all such actions as it may be necessary for Shareholders to take in order to give effect to or otherwise implement such Asset Sale, subject always to the proceeds from such Asset Sale being distributed to Shareholders in accordance with the provisions of Article 5.1.

## 19. **Departing employees**

- 19.1 Unless the Board (with Investor Majority Consent) determines that this Article shall not apply (such determination not to include the vote, where applicable, of the Shareholder in question), if a Shareholder is subject to Article 9.2 or party to any agreement with the Company that provides for the conversion of any Shares into Deferred Shares upon the occurrence of any event or combination of events, then upon the occurrence of such event(s) the number of Shares specified in such agreement or determined in accordance with Article 9.2 as being convertible into Deferred Shares shall automatically be converted into Deferred Shares.
- 19.2 Upon conversion into Deferred Shares in accordance with this Article or Article 9.2, 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 date that the relevant Shares converted into Deferred Shares (the "**Deferred Conversion Date**"). Upon the Deferred Conversion Date, the relevant Employee (and/or any Permitted Transferee(s) of that Employee) shall deliver to the Company at its registered office the share 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 Shares so converting

and upon such delivery there shall be issued to him/her/it (and/or any Permitted Transferee(s) of that Employee) share certificate(s) for the number of Deferred Shares resulting from the relevant conversion and any remaining Shares.

- 19.3 The Company shall be entitled to retain any share certificate(s) relating to Shares while any such Shares remain unvested.
- 19.4 Unless the Board (with Investor Majority Consent) determines that this Article shall not apply (such determination not to include the vote, where applicable, of the Shareholder in question), all voting rights attached to the Shares held by a Shareholder who is or was an Employee (and/or by any Permitted Transferee of that Employee) if he/she ceases to be an Employee, shall be suspended at the time he/she ceases to be an Employee.
- 19.5 Any Shareholder whose voting rights are suspended pursuant to Article 19.4 shall retain 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, provided that all such suspended voting rights shall be automatically restored immediately prior to and conditional upon an IPO.

## 20. Valuation of Shares

- 20.1 If no Transfer Price can be agreed between the Seller and the Board in accordance with the applicable provisions of these Articles or otherwise then, on the date of failing to reach agreement, the Board shall either:
  - (a) appoint an expert valuer of its choosing (the "**Expert Valuer**") to certify the Fair Value of the Sale Shares; or
  - (b) (if the Fair Value has been certified by an Expert Valuer within the preceding 12 weeks) specify that the Fair Value of the Sale Shares will be calculated by dividing any Fair Value so certified by the number of Sale Shares to which it related and multiplying such Fair Value by the number of Sale Shares the subject of the Transfer Notice.
- 20.2 The "**Fair Value**" of the Sale Shares shall be determined by the Expert Valuer on the following assumptions and bases:
  - (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer;
  - (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - (c) that the Sale Shares are capable of being transferred without restriction;
  - (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent, but taking account of the rights attaching to the Sale Shares; and
  - (e) reflect any other factors which the Expert Valuer reasonably believes should be taken into account.
- 20.3 If any difficulty arises in applying any of these assumptions or bases, then the Expert Valuer shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.

## **21. General meetings**

- 21.1 If the Directors are required by the Shareholders under section 303 of the Act to call a general meeting, the Directors shall convene the general meeting for a date not later than 28 days after the date on which the Directors became subject to the requirement under section 303 of the Act.
- 21.2 The provisions of section 318 of the Act shall apply to the Company, save that if a quorum is not present at any general meeting adjourned for the reason referred to in article 41 of the Model Articles, then, provided that the Qualifying Person present holds or represents the holder of at least 50 per cent in nominal value of the Equity Shares, any resolution agreed to by such Qualifying Person shall be as valid and effectual as if it had been passed unanimously at a general meeting of the Company duly convened and held.
- 21.3 If any two or more Shareholders (or Qualifying Persons representing two or more Shareholders) attend the general meeting in different locations, the general meeting shall be treated as being held at the location specified in the notice of the meeting, save that if no one is present at that location so specified, the general meeting shall be deemed to take place where the largest number of Qualifying Persons are assembled or, if no such group can be identified, at the location of the chairman.
- 21.4 If a demand for a poll is withdrawn under article 44(3) of the Model Articles, the demand shall not be taken to have invalidated the result of a show of hands declared before the demand was made and the general meeting shall continue as if the demand had not been made.
- 21.5 Polls must be taken in such manner as the chairman of the general meeting directs. A poll demanded on the election of a chairman or on a question of adjournment must be held immediately. A poll demanded on any other question must be held either immediately or at such time and place as the chairman directs not being more than 14 days after the poll is demanded. The demand for a poll shall not prevent the continuance of a general meeting for the transaction of any business other than the question on which the poll was demanded.
- 21.6 No notice need be given of a poll not held immediately if the time and place at which it is to be taken are announced at the general meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.
- 21.7 If the poll is to be held more than 48 hours after it was demanded, the Shareholders shall be entitled to deliver proxy notices in respect of the poll at any time up to 24 hours before the time appointed for taking that poll. In calculating that period, no account shall be taken of any part of a day that is not a working day.

## **22. Proxies**

- 22.1 Paragraph (c) of article 45(1) of the Model Articles shall be deleted and replaced by the words: "is signed by or on behalf of the shareholder appointing the proxy and accompanied by any the authority under which it is signed (or a certified copy of such authority or a copy of such authority in some other way approved by the directors) ".
- 22.2 The instrument appointing a proxy and any authority under which it is signed or a certified copy of such authority or a copy in some other way approved by the Directors may:
  - (a) be sent or supplied in hard copy form, or (subject to any conditions and limitations which the Board may specify) in electronic form, to the registered office of the Company or to such other address (including electronic address) as may be specified for this purpose in the notice convening the meeting or in any instrument of proxy or any invitation to appoint a proxy sent or supplied by the Company in

relation to the meeting at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;

- (b) be delivered at the general meeting or adjourned general meeting at which the person named in the instrument proposes to vote to the chairman or to the company secretary or to any Director; or
- (c) in the case of a poll, be delivered at the general meeting at which the poll was demanded to the chairman or to the company secretary or to any Director, or at the time and place at which the poll is held to the Chairman or to the company secretary or to any Director or scrutineer,

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

### 23. **Directors' borrowing powers**

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Company or of any third party.

### 24. **Alternate Directors**

24.1 Notwithstanding any provision of these Articles to the contrary, any person appointed as a Director (the "**Appointor**") may appoint any director or any other person as he thinks fit to be his alternate Director to:

- (a) exercise that Director's powers; and
- (b) carry out that Director's responsibilities in relation to the taking of decisions by the Directors in the absence of the alternate's Appointor.

24.2 The appointment of an alternate Director shall not require approval by a resolution of the Directors.

24.3 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the Appointor, or in any other manner approved by the Directors.

24.4 The notice must:

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

24.5 An alternate Director has the same rights, in relation to any Directors' meeting (including as to notice) or Directors' written resolution, as the alternate's Appointor.

24.6 Except as these 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.

24.7 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 participating (but only if that person's Appointor is not participating); and
- (b) may sign a Directors' written resolution (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate).

No alternate may be counted as more than one Director for such purposes and may not act as an alternate for more than one Director.

24.8 A Director who is also an alternate Director is entitled, in the absence of his Appointor, to a separate vote on behalf of each 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).

24.9 An alternate Director is not entitled to receive any remuneration from the company for serving as an alternate Director, except such part of the alternate's Appointor's remuneration as the Appointor may direct by notice in writing made to the Company.

24.10 An alternate Director's appointment as an alternate shall terminate:

- (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;
- (c) on the death of the alternate's Appointor; or
- (d) when the alternate's Appointor's appointment as a Director terminates.

## 25. **Number and appointment of Directors**

25.1 Unless and until the Company shall otherwise determine by ordinary resolution, the number of Directors shall be 6.

25.2 The True Investor shall be entitled to nominate:

- (a) one person to act as Director to the Board (the "**True Investor Director**") (and the board of directors of any Subsidiary, and to any committee of the Board or board of directors of any Subsidiary established from time to time) and to remove any such True Investor Director so appointed and, upon his removal, to appoint another True Investor Director in his place, and the other holders of Shares shall not vote their Shares so as to remove the True Investor Director from office; and
- (b) one person to act as an observer to the Board (the "**True Investor Observer**"), (and to any committee of the Board established from time to time). The True Investor Observer shall be entitled to attend and speak at all such meetings and receive

copies of all board papers as if the True Investor Observer were a Director but shall not be entitled to vote on any resolutions proposed at a board meeting; and

- (c) one person to act as independent non-executive chairman (such person to be appointed with Redrice Investor Consent and after consultation with the Board).
- 25.3 The appointment or removal of the True Investor Director and /or the True Investor Observer under clause 25.2 will take effect at and from the time when written notice is received from the True Investor at the registered office of the Company or produced to a meeting of the Board.
- 25.4 The Redrice Investor shall be entitled to nominate one person to act as the Redrice Investor Observer to the Board (and the board of directors of any Subsidiary, and to any committee of the Board or board of directors of any Subsidiary established from time to time). The Redrice Investor Observer shall be entitled to attend and speak at all such meetings and receive copies of all board papers as if the Redrice Investor Observer were a Director but shall not be entitled to vote on any resolutions proposed at a board meeting, provided that the Redrice Investor shall be under no obligation to nominate a Redrice Investor Observer.
- 25.5 The appointment or removal of the Redrice Investor Observer under clause 25.4 will take effect at and from the time when written notice is received from the Redrice Investor at the registered office of the Company or produced to a meeting of the Board
- 25.6 For so long as Daniel Gray or any of his Permitted Transferees hold a minimum of 10% of the total share capital of the Company on a Fully Diluted Basis (the "**Founders' Qualifying Percentage**") and he is an Employee, he shall have the right to be appointed to the Board as a director of the Company (and the board of directors of any Subsidiary, and to any committee of the Board established from time to time).
- 25.7 In the event that Daniel Gray is required to resign pursuant to article 25.5 and fails to do so within 30 days of ceasing to hold a Founders' Qualifying Percentage or be an Employee, he may be removed as a director by the True Investor giving written notice to him and the Company and any Subsidiary.
- 25.8 For so long as Jansons Investment Group Limited or any of its Permitted Transferees hold a minimum of 10% of the total share capital of the Company on a Fully Diluted Basis (the "**Jansons' Qualifying Percentage**") it shall have the right to appoint one person to the Board as a director ("**Jansons Director**") of the Company (and to any committee of the Board established from time to time).
- 25.9 In the event that Jansons' Qualifying Percentage falls below 10% the Jansons Director shall resign and if he fails to do so within 30 days of Jansons Investment Group Limited ceasing to hold a Jansons' Qualifying Percentage, he may be removed as a director by the True Investor giving written notice to him and the Company and any Subsidiary.
- 25.10 For so long as the HBH Investors and their Permitted Transferees together hold in aggregate a minimum of 5% of the total share capital of the Company on a Fully Diluted Basis (the "**HBH Percentage**") they shall have the right to appoint one person to the Board as a director ("**HBH Director**") of the Company (and to any committee of the Board established from time to time).
- 25.11 In the event that HBH Qualifying Percentage falls below 5% the HBH Director shall resign and if he fails to do so within 30 days of the HBH Investors and their Permitted Transferees ceasing to hold an HBH Qualifying Percentage, he may be removed as a director by the True Investor giving written notice to him and the Company and any Subsidiary.

- 25.12 The powers of appointment under this Article 25 are in addition to the powers of appointment under article 17(1) of the Model Articles.

**26. Disqualification of Directors**

In addition to that provided in article 18 of the Model Articles, the office of a Director shall also be vacated if he is convicted of a criminal offence (other than a minor motoring offence) and the Directors resolve that his office be vacated.

**27. Proceedings of Directors**

- 27.1 Any Director may call a Directors' meeting by giving five Business Days' notice of the meeting to the Directors or by authorising the company secretary (if any) to give such notice.
- 27.2 The quorum for Directors' meetings shall be three Directors who must include the True Investor Director (save that where a Relevant Interest of the True Investor Director is being authorised by other Directors in accordance with section 175(5)(a) of the Act, the True Investor Director and any other interested Director shall not be included in the quorum required for the purpose of such authorisation but shall otherwise be included for the purpose of forming the quorum at the meeting). If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such quorum ceases to be present, the meeting shall stand adjourned to the same time the next day or at such time and place. If a quorum is not present at any such adjourned meeting within half an hour from the time appointed, then the meeting shall proceed.
- 27.3 In the event that a meeting of the Directors is attended by a Director who is acting as alternate for one or more other Directors, the Director or Directors for whom he is the alternate shall be counted in the quorum despite their absence, and if on that basis there is a quorum the meeting may be held despite the fact (if it is the case) that only one Director is physically present.
- 27.4 If all the Directors participating in a meeting of the Directors are not physically in the same place, the meeting shall be deemed to take place where the largest group of participators in number is assembled. In the absence of a majority of the Directors the location of the chairman shall be deemed to be the place of the meeting.
- 27.5 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company at any time before or after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.
- 27.6 Provided (if these Articles so require) that he has declared to the Directors, in accordance with the provisions of these Articles, the nature and extent of his interest (and subject to any restrictions on voting or counting in a quorum imposed by the Directors in authorising a Relevant Interest), a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which he has an interest, whether a direct or an indirect interest, or in relation to which he has a duty and shall also be counted in reckoning whether a quorum is present at such a meeting.
- 27.7 Questions arising at any meeting of the Directors shall be decided by a majority of votes. In the case of any equality of votes, the chairman shall not have a second or casting vote.
- 27.8 A decision of the Directors 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 (including confirmation given by electronic means). Reference



in article 7(1) of the Model Articles to article 8 of the Model Articles shall be deemed to include a reference to this article also.

## **28. Directors' interests**

### *Specific interests of a Director*

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

- (a) where a Director (or a person Connected with him) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested;
- (b) where a Director (or a person Connected with him) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company or in which the Company is in any way interested;
- (c) where a Director (or a person Connected with him) is a shareholder in the Company or a shareholder in, employee, director, member or other officer of, or consultant to, a Parent Undertaking of, or a Subsidiary Undertaking of a Parent Undertaking of, the Company;
- (d) where a Director (or a person Connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested;
- (e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested;
- (f) where a Director (or a person Connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which he is a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor) whether or not he or it is remunerated for this;
- (g) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- (h) any other interest authorised by ordinary resolution.

### *Interests of the True Investor Director*

28.2 In addition to the provisions of Article 28.1, subject to the provisions of the Act and provided (if these Articles so require) that he/she has declared to the Directors in accordance with the provisions of these Articles, the nature and extent of his/her interest, where a Director is the True Investor Director he/she may (save as to the extent not permitted by law from time to time), notwithstanding his/her office, have an interest arising from any duty he/she may owe to, or interest he/she may have as an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or direct or indirect investor (including without

limitation by virtue of a carried interest, remuneration or incentive arrangements or the holding of securities) in:

- (a) the True Investor;
- (b) a Fund Manager which advises or manages the True Investor;
- (c) any of the funds advised or managed by a Fund Manager who advises or manages the True Investor from time to time; or
- (d) another body corporate or firm in which a Fund Manager who advises or manages an Investor or any fund advised or managed by such Fund Manager has directly or indirectly invested, including without limitation any portfolio companies.

*Interests of which a Director is not aware*

- 28.3 For the purposes of this Article 28, an interest of which a Director is not aware and of which it is unreasonable to expect him to be aware shall not be treated as an interest of his.

*Accountability of any benefit and validity of a contract*

- 28.4 In any situation permitted by this Article (save as otherwise agreed by him), a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from that situation and no such contract, arrangement or transaction shall be avoided on the grounds of any such interest or benefit.

*Terms and conditions of Board authorisation*

- 28.5 Subject to Article 28.8, any authority given in accordance with section 175(5)(a) of the Act in respect of a Director (an "**Interested Director**") who has proposed that the Directors authorise his interest (a "**Relevant Interest**") pursuant to that section may, for the avoidance of doubt:

- (a) be given on such terms and subject to such conditions or limitations as may be imposed by the authorising Directors as they see fit from time to time, including, without limitation:
  - (i) restricting the Interested Director from voting on any resolution put to a meeting of the Directors or of a committee of the Directors in relation to the Relevant Interest;
  - (ii) restricting the Interested Director from being counted in the quorum at a meeting of the Directors or of a committee of the Directors where such Relevant Interest is to be discussed; or
  - (iii) restricting the application of the provisions in Articles 28.9 and 28.10, so far as is permitted by law, in respect of such Interested Director;
- (b) be withdrawn, or varied at any time by the Directors entitled to authorise the Relevant Interest as they see fit from time to time; and

subject to Article 28.8, an Interested Director must act in accordance with any such terms, conditions or limitations imposed by the authorising Directors pursuant to section 175(5)(a) of the Act and this Article.

*Terms and conditions of Board authorisation for the True Investor Director*

- 28.6 Notwithstanding the other provisions of this Article 28, it shall not (save with the consent in writing of the Board) be made a condition of any authorisation of a matter in relation to the True Investor Director in accordance with section 175(5)(a) of the Act, that he/she shall be restricted from voting or counting in the quorum at any meeting of, or of any committee of the Directors or that he/she shall be required to disclose, use or apply confidential information as contemplated in Article 28.8.

*Director's duty of confidentiality to a person other than the Company*

- 28.7 Subject to Article 28.10 (and without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this Article), if a Director, otherwise than by virtue of his position as Director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required:

- (a) to disclose such information to the Company or to any Director, or to any officer or employee of the Company; or
- (b) otherwise to use or apply such confidential information for the purpose of or in connection with the performance of his duties as a Director.

- 28.8 Where such duty of confidentiality arises out of a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, Article 28.9 shall apply only if the conflict arises out of a matter which falls within Article 28.1 or Article 28.3 or has been authorised under section 175(5)(a) of the Act.

*Additional steps to be taken by a Director to manage a conflict of interest*

- 28.9 Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director shall take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including without limitation:

- (a) absenting himself from any discussions, whether in meetings of the Directors or otherwise, at which the relevant situation or matter falls to be considered; and
- (b) excluding himself from documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for him to have access to such documents or information.

*Requirement of a Director to declare an interest*

- 28.10 Subject to section 182 of the Act, a Director shall declare the nature and extent of any interest permitted by Article 28.1 or Article 28.3 at a meeting of the Directors, or by general notice in accordance with section 184 (notice in writing) or section 185 (general notice) of the Act or in such other manner as the Directors may determine, except that no declaration of interest shall be required by a Director in relation to an interest:

- (a) falling under Article 28.1(g);

- (b) if, or to the extent that, the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or
- (c) if, or to the extent that, it concerns the terms of his service contract (as defined by section 227 of the Act) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these Articles.

*Shareholder approval*

28.11 Subject to section 239 of the Act, the Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of this Article.

28.12 For the purposes of this Article:

- (a) a conflict of interest includes a conflict of interest and duty and a conflict of duties;
- (b) the provisions of section 252 of the Act shall determine whether a person is connected with a Director;
- (c) a general notice 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.

**29. Notices**

29.1 Subject to the requirements set out in the Act, any notice given or document sent or supplied to or by any person under these Articles, or otherwise sent by the Company under the Act, may be given, sent or supplied:

- (a) in hard copy form;
- (b) in electronic form; or
- (c) (by the Company) by means of a website (other than notices calling a meeting of Directors),

or partly by one of these means and partly by another of these means.

Notices shall be given and documents supplied in accordance with the procedures set out in the Act, except to the extent that a contrary provision is set out in this Article.

*Notices in hard copy form*

29.2 Any notice or other document in hard copy form given or supplied under these Articles may be delivered or sent by first class post (airmail if overseas):

- (a) to the Company or any other company at its registered office;
- (b) to the address notified to or by the Company for that purpose;

- (c) in the case of an intended recipient who is a member or his legal personal representative or trustee in bankruptcy, to such member's address as shown in the Company's register of members;
- (d) in the case of an intended recipient who is a Director or alternate Director, to his address as shown in the register of Directors;
- (e) to any other address to which any provision of the Companies Acts (as defined in the Act) authorises the document or information to be sent or supplied; or
- (f) where the Company is the sender, if the Company is unable to obtain an address falling within one of the addresses referred to in (a) to (e) above, to the intended recipient's last address known to the Company.

29.3 Any notice or other document in hard copy form given or supplied under these Articles shall be deemed to have been served and be effective:

- (a) if delivered, at the time of delivery;
- (b) if posted, on receipt or 48 hours after the time it was posted, whichever occurs first.

*Notices in electronic form*

29.4 Subject to the provisions of the Act, any notice or other document in electronic form given or supplied under these Articles may:

- (a) if sent by fax or email (provided that a fax number or an address for email has been notified to or by the Company for that purpose), be sent by the relevant form of communication to that address;
- (b) if delivered or sent by first class post (airmail if overseas) in an electronic form (such as sending a disk by post), be so delivered or sent as if in hard copy form under Article 29.2; or
- (c) be sent by such other electronic means (as defined in section 1168 of the Act) and to such address(es) as the Company may specify:
  - (i) on its website from time to time; or
  - (ii) by notice (in hard copy or electronic form) to all members of the Company from time to time.

29.5 Any notice or other document in electronic form given or supplied under these Articles shall be deemed to have been served and be effective:

- (a) if sent by facsimile or email (where a fax number or an address for email has been notified to or by the Company for that purpose), on receipt or 48 hours after the time it was sent, whichever occurs first;
- (b) if posted in an electronic form, on receipt or 48 hours after the time it was posted, whichever occurs first;
- (c) if delivered in an electronic form, at the time of delivery; and
- (d) if sent by any other electronic means as referred to in Article 29.4(c), at the time such delivery is deemed to occur under the Act.

- 29.6 Where the Company is able to show that any notice or other document given or sent under these Articles by electronic means was properly addressed with the electronic address supplied by the intended recipient, the giving or sending of that notice or other document shall be effective notwithstanding any receipt by the Company at any time of notice either that such method of communication has failed or of the intended recipient's non-receipt.

*Notice by means of a website*

- 29.7 Subject to the provisions of the Act, any notice or other document or information to be given, sent or supplied by the Company to Shareholders under these Articles may be given, sent or supplied by the Company by making it available on the Company's website.

*General*

- 29.8 In the case of joint holders of a Share, all notices shall be given to the joint holder whose name stands first in the register of members of the Company in respect of the joint holding (the "**Primary Holder**"). Notice so given shall constitute notice to all the joint holders.
- 29.9 Anything agreed or specified by the Primary Holder in relation to the service, sending or supply of notices, documents or other information shall be treated as the agreement or specification of all the joint holders in their capacity as such (whether for the purposes of the Act or otherwise).

**30. Indemnities and insurance**

- 30.1 Subject to the provisions of and so far as may be permitted by the Act:

- (a) every Director or other officer of the Company (excluding the Company's Auditors) shall be entitled to be indemnified by the Company (and the Company shall also be able to indemnify directors of any associated company (as defined in section 256 of the Act)) out of the Company's assets against all liabilities incurred by him in the actual or purported execution or discharge of his duties or the exercise or purported exercise of his powers or otherwise in relation to or in connection with his duties, powers or office, provided that no Director or any associated company is indemnified by the Company against:
- (i) any liability incurred by the director to the Company or any associated company; or
  - (ii) any liability incurred by the director to pay a fine imposed in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirements of a regulatory nature; or
  - (iii) any liability incurred by the director:
    - (A) in defending any criminal proceedings in which he is convicted;
    - (B) in defending civil proceedings brought by the Company or any associated company in which final judgment (within the meaning set out in section 234 of the Act) is given against him; or
    - (C) in connection with any application under sections 661(3) or 661(4) or 1157 of the Act (as the case may be) for which the court refuses to grant him relief,

save that, in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupational pension scheme (as that term is used in section 235 of the Act) against liability incurred in connection with that company's activities as trustee of the scheme, the Company shall also be able to indemnify any such director without the restrictions in Articles 30.1(a)(i), and 30.1(a)(iii)(B) and 30.1(a)(iii)(C) applying;

- (b) the Directors may exercise all the powers of the Company to purchase and maintain insurance for any such Director or other officer against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company, or any associated company including (if he is a director of a company which is a trustee of an occupational pension scheme) in connection with that company's activities as trustee of an occupational pension scheme.

- 30.2 The Company shall (at the cost of the Company) effect and maintain for each Director policies of insurance insuring each Director against risks in relation to his office as each director may reasonably specify including without limitation, any liability which by virtue of any rule of law may attach to him in respect of any negligence, default of duty or breach of trust of which he may be guilty in relation to the Company.

### 31. **Secretary**

Subject to the provisions of the Act, the Directors may appoint a secretary for such term, at such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them.

### 32. **Lien**

- 32.1 The Company shall have a first and paramount lien (the "**Company's Lien**") over every Share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that Share.

- 32.2 The Company's Lien over a Share:

- (a) shall take 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.

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.

- 32.3 Subject to the provisions of this Article, if:

- (a) a notice complying with this Article (a "**Lien Enforcement Notice**") has been given by the Company in respect of a Share; and
- (b) the person to whom the notice was given has failed to comply with it,

the Company shall be entitled to sell that Share in such manner as the Directors decide.

- 32.4 A Lien Enforcement Notice:

- (a) may only be given by the Company 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 payable within 14 days of the notice;
- (d) must be addressed either to the holder of the Share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise; and
- (e) must state the Company's intention to sell the Share if the notice is not complied with.

32.5 Where any Share is sold pursuant to this Article:

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

32.6 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;
- (b) secondly, to the person entitled to the Share at the date of the sale, but only after the certificate for the Share sold has been surrendered to the Company for cancellation or an indemnity for any lost certificate in a form acceptable to the Board has been given and, subject to a lien equivalent to the Company's Lien for any money payable (whether or not it is presently payable) as existing upon the Share before the sale in respect of all Shares registered in the name of that person (whether as the sole registered holder or as one of several joint holders) after the date of the Lien Enforcement Notice.

32.7 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:

- (a) shall be 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 these Articles or by law, shall constitute a good title to the Share.

### 33. **Call Notices**

33.1 Subject to these Articles and the terms on which Shares are allotted, the Directors may send a notice (a "**Call Notice**") to a Shareholder who has not fully paid for that Shareholder's Share(s) requiring the Shareholder to pay the Company a specified sum of money (a "**call**") which is payable to the Company by that Shareholder when the Directors decide to send the Call Notice.

33.2 A Call Notice:



- (a) may not require a Shareholder to pay a call which exceeds the total sum unpaid on that Shareholder's Shares (whether as to the Share's nominal value or any sum payable to the Company by way of premium);
  - (b) shall state when and how any call to which it relates it is to be paid; and
  - (c) may permit or require the call to be paid by instalments.
- 33.3 A Shareholder shall comply with the requirements of a Call Notice, but no Shareholder shall be obliged to pay any call before 14 days have passed since the notice was sent.
- 33.4 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 Call Notice, by a further notice in writing to the Shareholder in respect of whose Shares the call is made.
- 33.5 Liability to pay a call shall not be extinguished or transferred by transferring the Shares in respect of which it is required to be paid. Joint holders of a Share shall be jointly and severally liable to pay all calls in respect of that Share.
- 33.6 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 to:
  - (a) pay calls which are not the same; or
  - (b) pay calls at different times.
- 33.7 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 (whether in respect of nominal value or premium):
  - (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.
- 33.8 If the due date for payment of such a sum as referred to in this Article has passed and it has not been paid, the holder of the Share concerned shall be treated in all respects as having failed to comply with a Call Notice in respect of that sum, and shall be liable to the same consequences as regards the payment of interest and forfeiture.
- 33.9 If a person is liable to pay a call and fails to do so by the Call Payment Date (as defined below):
  - (a) the Directors may issue a notice of intended forfeiture to that person; and
  - (b) until the call is paid, that person shall be required to pay the Company interest on the call from the Call Payment Date at the Relevant Rate (as defined below).
- 33.10 For the purposes of Article 33.9:
  - (a) the "Call Payment Date" shall be 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;

(b) the "**Relevant Rate**" shall be:

- (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, five per cent. a year,

provided that the Relevant Rate shall not exceed by more than five 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.

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

33.12 The Directors may accept full payment of any unpaid sum in respect of a Share despite payment not being called under a Call Notice.

#### **34. Forfeiture of Shares**

34.1 A notice of intended forfeiture:

- (a) may be sent in respect of any Share for which there is an unpaid sum in respect of which a call has not been paid as required by a Call Notice;
- (b) shall be sent to the holder of that Share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise;
- (c) shall 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 fewer than 14 days after the date of the notice;
- (d) shall state how the payment is to be made; and
- (e) shall 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.

34.2 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, then 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 money payable in respect of the forfeited Shares and not paid before the forfeiture.

34.3 Subject to these 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.

34.4 Any Share which is forfeited in accordance with these Articles:

- (a) shall be deemed to have been forfeited when the Directors decide that it is forfeited;
- (b) shall be deemed to be the property of the Company; and

(c) may be sold, re-allotted or otherwise disposed of as the Directors think fit.

34.5 If a person's Shares have been forfeited then:

- (a) the Company shall send that person notice that forfeiture has occurred and record it in the register of members;
- (b) that person shall cease to be a Shareholder in respect of those Shares;
- (c) that person shall surrender the certificate for the Shares forfeited to the Company for cancellation;
- (d) that person shall remain 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 shall be entitled to 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.

34.6 At any time before the Company disposes of a forfeited Share, the Directors shall be entitled to decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

34.7 If a forfeited Share is to be disposed of by being transferred, the Company shall be entitled to receive the consideration for the transfer and the Directors shall be entitled to authorise any person to execute the instrument of transfer.

34.8 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) shall be 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.

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

34.10 If the Company sells a forfeited Share, the person who held it prior to its forfeiture shall be entitled to receive the proceeds of such sale from the Company, net of any commission, and excluding any sum 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 shall be payable to such a person in respect of such proceeds and the Company shall not be required to account for any money earned on such proceeds.

## 35. **Surrender of Shares**

35.1 A Shareholder shall be entitled to surrender any Share:

- (a) in respect of which the Directors issue a notice of intended forfeiture;
  - (b) which the Directors forfeit; or
  - (c) which has been forfeited.
- 35.2 The Directors shall be entitled to accept the surrender of any such Share.
- 35.3 The effect of surrender on a Share shall be the same as the effect of forfeiture on that Share.
- 35.4 The Company shall be entitled to deal with a Share which has been surrendered in the same way as a Share which has been forfeited.
- 36. **Authority to capitalise and appropriation of capitalised sums**
- 36.1 The Board may, if authorised to do so by an ordinary resolution (with Investor Majority Consent):
  - (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
  - (b) appropriate any sum which they so decide to capitalise (a "**Capitalised Sum**") to such Shareholders and in such proportions as the Board may in their absolute discretion deem appropriate (the "**Shareholders Entitled**").
- 36.2 Capitalised Sums may be applied on behalf of such Shareholders and in such proportions as the Board may (in its absolute discretion) deem appropriate.
- 36.3 Any Capitalised Sum may be applied in paying up new Shares up to the nominal amount (or such amount as is unpaid) equal to the Capitalised Sum, which are then allotted credited as fully paid to the Shareholders Entitled or as they may direct.
- 36.4 A Capitalised Sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the Company which are allotted credited as fully paid to the Shareholders Entitled or as they may direct.
- 36.5 Subject to the Articles, the Board may:
  - (a) apply Capitalised Sums in accordance with Articles 36.3 and 36.4 partly in one way and partly another;
  - (b) make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this Article; and
  - (c) authorise any person to enter into an agreement with the Company on behalf of all of the Shareholders Entitled which is binding on them in respect of the allotment of Shares or debentures under this Article 36.