

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
E.& S.W.KNOWLES & COMPANY LIMITED

(Company number 00954098)

(Adopted by special resolution passed on *27 November 2017*)

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, unless the context otherwise requires:

A Shares: the A shares of £1.00 each in the share capital of the Company, having the rights ascribed to them in these Articles;

Act: means the Companies Act 2006;

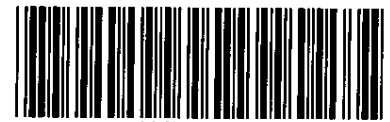
Articles: means the Company's articles of association for the time being in force;

B Shares: the B shares of £0.01 each in the share capital of the Company, having the rights ascribed to them in these Articles;

business day: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;

Conflict: has the meaning given in article 7.1;

Controlling Interest: an interest in Shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;



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Deemed Transfer Notice: a Transfer Notice which is deemed to have been served by any of the provisions of these Articles;

Directors: the directors of the Company from time to time;

Disposal: the disposal by the Company of all, or a substantial part of, its business and assets;

eligible director: means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter);

Employee: any person (other than a Founder) who at any time is a director and/ or an employee of the Company;

Exit: a Share Sale, a Disposal or a Listing;

Fair Value: has the meaning given in article 19;

Family Trust: as regards any particular individual Shareholder (or deceased or former individual Shareholder) 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 particular Shareholder and/or any of the Privileged Relations of that Shareholder (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 any such person or any voting or other rights attaching thereto are exercisable by or as directed by any 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: an accounting period in respect of which the Company prepares its accounts in accordance with the relevant provisions of the Act;

Founder: each of Martin Trevor Wright, Sandra Wright and Janet Wright, and **Founders** shall be construed accordingly;

Independent Expert: the accountants or auditors for the time being of the Company or, if they decline the instruction, an independent firm of accountants jointly appointed by the Company and the Seller or, in the absence of agreement between the Company and the Seller on the identity of the expert within 15 business days of the expiry of the 15 business day period

referred to in article 19.1, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator);

Issue Price: in respect of any Share, the price paid (or agreed to be paid) in respect of that Share by the relevant Shareholder (whether on its issue or transfer to such Shareholder and including any share premium);

Leaver: any Employee who is a Shareholder and who ceases to be an Employee for any reason other than (i) death, or (ii) retirement in circumstances where the Board is satisfied that he is not retiring with a view to being employed or engaged in any other business;

Listing: the successful application and admission of all or any of the Shares, to the Official List of the UK Listing Authority or on the AIM market operated by the London Stock Exchange plc, or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

Minimum Transfer Condition: has the meaning as defined in article 18.2(d);

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

Ordinary Shares: the ordinary shares of £0.01 each in the share capital of the Company, having the rights ascribed to them in these Articles;

Ordinary Shareholders: the holders for the time being of the Ordinary Shares;

Ordinary Shareholder Consent: the consent in writing from the holders of a majority of the Ordinary Shares then in issue;

Permitted Transfer: a transfer of Ordinary Shares made in accordance with article 17;

Permitted Transferee: an Shareholder's Privileged Relation or the trustee(s) of a Family Trust;

Privileged Relation: in relation to a Shareholder (or a deceased or former individual Shareholder), a spouse, civil partner (as defined in the Civil Partnerships Act 2004), child or grandchild (including step or adopted or illegitimate child and their issue);

Sale Proceeds: 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 fees or expenses payable in respect of that Share Sale);

Seller: a Shareholder who is transferring Shares having served a Transfer Notice or deemed to have served a Deemed Transfer Notice;

Shareholder(s): a holder for the time being of any Share or Shares;

Shares: A Shares, B Shares and Ordinary Shares;

Share Option Scheme: the EMI option agreements entered into by the Company as at the date of adoption of these articles;

Share Sale: the sale of (or the grant of a right to acquire or to dispose of) any Shares (in one transaction or as a series of transactions) which would, if completed, result in the buyer of those Shares (or grantee of that right) and persons acting in concert with him together acquiring a Controlling Interest, except where the Shareholders and the proportion of Shares held by each of them following completion of the sale are the same as the Shareholders and their shareholdings in the Company immediately before the sale;

Termination Date: (a) where employment ceases by virtue of notice given by the employer to the Employee, the date on which the notice expires;

(b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination is served;

(c) where an Employee dies, the date of his death;

(d) where the Employee concerned is a director but not an employee, the date on which his service agreement (or other terms of appointment) with the Company is terminated;

Transfer Notice: has the meaning given in article 18.2; and

Transfer Price: has the meaning given in article 19.

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.

- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
- (a) any subordinate legislation from time to time made under it; and
 - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 The Model Articles shall apply to the company, except in so far as they are modified or excluded by these Articles.
- 1.8 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.
- 1.9 Article 7 of the Model Articles shall be amended by:
- (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and
 - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.10 Article 20 of the Model Articles shall be amended by the insertion of the words "and the secretary" before the words "properly incur".
- 1.11 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 1 12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1 13 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument

of transfer executed under article 28(2)," after the words "the transmittee's name".

- 1.14 Articles 31(1)(a) to (c) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"

DIRECTORS

2. UNANIMOUS DECISIONS

- 2.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 2.2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.
- 2.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

3. CALLING A DIRECTORS' MEETING

- 3.1 Any director may call a directors' meeting by giving not less than 5 business days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice.
- 3.2 Notice of a directors' meeting shall be given to each director in writing.

4. QUORUM FOR DIRECTORS' MEETINGS

- 4.1 Subject to article 4.2, the quorum for the transaction of business at a meeting of directors is any two eligible directors at least one of whom is a Founder or has been nominated by a Founder.
- 4.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 7 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.
- 4.3 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:
- (a) to appoint further directors; or
 - (b) to call a general meeting so as to enable the shareholders to appoint further directors.

5. CASTING VOTE

If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote.

6. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested;
- (b) shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested;
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested;
- (d) may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be

entitled to remuneration for professional services as if he were not a director;

- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

7. DIRECTORS' CONFLICTS OF INTEREST

7.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).

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

- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.

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

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
- (c) provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
- (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence; and
- (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

7.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.

7.5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.

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

8. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

9. NUMBER OF DIRECTORS

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum.

10. APPOINTMENT OF DIRECTORS

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

11. SECRETARY

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

12. SHARE RIGHTS

12.1 Save for any special rights provided in these Articles, the A Shares, B Shares and Ordinary Shares shall rank *pari passu* in all respects.

12.2 The following matters shall, subject to any further resolutions or consents required by law, each require an Ordinary Shareholder Consent:

- (a) the Company ceasing to be a private company or changing (by whatever means) the nature of its business in any material respect; or
- (b) amending these Articles; or
- (c) changing the name of the Company; or
- (d) a sale or disposal by the Company of the whole or any part of its undertaking, property, assets, or any interest in them (except in the normal course of trading) or contracting to do so whether or not for valuable consideration; or
- (e) any reduction, sub-division, consolidation, redenomination, cancellation, purchase or redemption of any of the share capital of the Company, or any allotment or issue of any share in the capital of, the Company; or
- (f) the alteration of any rights attaching to any class of share in the capital of the Company, or the creation of any option, warrant or any

other right to acquire or subscribe for any shares in the capital of the Company; or

- (g) the Company conducting its business otherwise than in the ordinary course of business on an arm's length basis; or
- (h) the Company doing, permitting or allowing to be done any act or thing whereby the Company may be wound-up, or enter into any compromise or arrangement under the Insolvency Act 1986; or
- (i) the Company merging or amalgamating with any other company or undertaking, or acquiring directly or indirectly any interest in any shares or other security convertible into shares of any other company, or forming or acquiring any subsidiary; or
- (j) the Company purchasing, leasing or otherwise acquiring assets, or any interests in assets, which in aggregate exceed the value of £100,000; or
- (k) the Company entering into any other contract, transaction or arrangement of a value exceeding £100,000; or
- (l) the Company borrowing any money in excess of £100,000 or creating any mortgage, debenture, pledge, lien or other encumbrances over the undertaking or assets of the Company, or factoring, assigning, discounting or otherwise disposing of any book debts or other debts of the Company; or
- (m) the Company giving any guarantee, making any payment or incurring any obligation or acting as surety otherwise than in connection with the Company's ordinary business for the time being; or
- (n) the Company lending or agreeing to lend, granting any credit or making any advance to any person otherwise than in the ordinary course of the business of the Company; or
- (o) the removal any director appointed by a Founder; or
- (p) any meeting of the shareholders being held or purporting to transact any business at any such meeting, unless a Founder is present, whether in person or by proxy.

12.3 The rights attaching to the Shares are as follows:

- (a) As regards income

Any profits which the Company determines to distribute in respect of any Financial Year shall be distributed amongst the holders of the A Shares, B Shares and Ordinary Shares, as separate classes, in such proportions and amounts (if any) as between each such class, as the holders of the majority of the Ordinary Shares shall resolve. For the avoidance of doubt, any distribution to the holders of any class of

Shares shall be paid to such holders pro rata to their holding of such class.

(b) As regards capital

On a return of assets on liquidation, capital reduction or otherwise, the assets of the Company remaining after payment of its liabilities shall be applied in the following order of priority:

- (i) the holders of the A Shares and the B Shares shall be paid the Issue Price for every A Share and B Share they hold; and
- (ii) the remaining balance shall be distributed amongst the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held by such holders.

(c) As regards an Exit

- (i) On a Share Sale, the Sale Proceeds shall be distributed in the order of priority set out in article 12.3(b). The Directors shall not register any transfer of Shares if the Sale Proceeds are not distributed in that manner (save in respect of any Shares not sold in connection with that Share Sale) provided that, if the Sale Proceeds are not settled in their entirety upon completion of the Share Sale:
 - (a) the Directors may register the transfer of the relevant Shares, provided that the Sale Proceeds due on the *date of completion of the Share Sale* have been distributed in the order of priority set out in article 12.3(b); and
 - (b) each Shareholder shall take any reasonable action (to the extent lawful and within its control) required by the holders of a majority of the Ordinary Shares then in issue to ensure that the balance of the Sale Proceeds are distributed in the order of priority set out in article 12.3(b).
- (ii) On a Disposal, 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 12.3(b), provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of these Articles, each Shareholder shall (to the extent lawful and within its control) take any reasonable action required by the holders of a majority of the Ordinary Shares then in issue (including, but without prejudice to the generality of this article 12.3(c)(ii), such action as may be necessary to put the Company into voluntary liquidation so that article 12.3(b) applies).

- (iii) Immediately before a Listing, the Company shall issue to each holder for the time being of Shares, by way of automatic capitalisation of reserves, such number of shares in the capital of the Company which shall result in that holder holding, when aggregated with its existing shareholding (and following every issue of shares to Shareholders pursuant to this article 12.3(c)(ii)), the same proportion of the total number of Shares in issue as the proportion that its entitlement to the surplus assets of the Company under article 12.3(b) bears to the total of the surplus assets available for distribution to the Shareholders under article 12.3(b).
 - (iv) All Shares to be issued in accordance with article 12.3(c)(iii) shall be paid up by the automatic capitalisation of any amount standing to the credit of the share premium account or any other available reserve of the Company as determined by the Directors and shall be credited as fully paid at par. Such a capitalisation shall be automatic and shall not require any action on the part of the Shareholders and the Directors shall allot the Shares arising on the capitalisation to the Shareholders entitled to them in accordance with article 12.3(c)(iii). If and to the extent that the Company is not lawfully permitted to carry out the capitalisation required by article 12.3(c)(iii) in full (whether by virtue of the Act or otherwise), the entitlement of each holder of Shares to such an issue of Shares shall be reduced in the same proportion that its entitlement to the surplus assets of the Company under article 12.3(b) bears to the total of the surplus assets available for distribution to the Shareholders under article 12.3(b). Each such holder shall then be entitled to subscribe in cash at par for the balance of that number of additional Shares as would otherwise have been issued pursuant to article 12.3(c)(iii). The Shareholders shall procure (so far as they are lawfully able) that the Directors shall have sufficient authorisations required to issue the Shares which may fall to be issued under article 12.3(c)(iii) or this article 12.3(c)(iv).
- (d) As regards voting
- Each Ordinary Share only shall carry the right to receive notice of and to attend, speak and vote at all general meeting of the Company. For the avoidance of doubt, the A Shares and B Shares shall not carry any voting rights whatsoever.

DECISION MAKING BY SHAREHOLDERS

13. POLL VOTES

- 13.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 13.2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article.

14. PROXIES

- 14.1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate".
- 14.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article.

15. PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES

- 15.1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution, the Directors shall not exercise any power to allot Shares or to grant rights to subscribe for any Shares.
- 15.2 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 15.3 Unless otherwise agreed by special resolution and save for any Shares allotted pursuant to the Share Option Scheme, if the Company proposes to allot any Shares (**New Shares**), those New Shares shall not be allotted to any person unless the Company has first offered them to the Shareholders [holding the same class of Shares as the New Shares] on the date of the offer (each an **Offeree**) and in the respective proportions that the number and class of Shares held by each such holder bears to the total number and class of Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those New Shares are being, or are to be, offered to any other person. For the

avoidance of doubt, any New Shares shall be offered to the Offerees in accordance with the class of Share held by them.

15.4 An offer made under article 15.3 shall:

- (a) be in writing and give details of the number, class and subscription price (including any share premium) of the New Shares being offered;
- (b) remain open for a period of at least 20 business days from the date of service of the offer;
- (c) stipulate that any Offeree who wishes to subscribe for a number of New Shares in excess of the number to which he is entitled under article 15.3 shall, in his acceptance, state the number of excess New Shares (**Excess Shares**) for which he wishes to subscribe; and
- (d) any offer accepted by any Offeree shall be subject to the Offeree being restricted to acquiring Shares of the same class as already held by such Offerree.

15.5 If, on the expiry of an offer made in accordance with article 15.3, the total number of New Shares applied for is less than the total number of New Shares so offered, the Directors shall allot the New Shares to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.

15.6 Any New Shares not accepted by Offerees pursuant to an offer made in accordance with article 15.3 shall be used to satisfy any requests for Excess Shares made pursuant to article 15.4(c). If there are insufficient Excess Shares to satisfy such requests, the Excess Shares shall be allotted to the applicants in the respective proportions that the number of Shares held by each such applicant bears to the total number of such Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Shares allotted to any Shareholder beyond that applied for by him). After those allotments, any Excess Shares shall be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.

16. TRANSFERS OF SHARES: GENERAL

16.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal of a beneficial or other interest in that Share, or the creation of a trust or encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share.

- 16.2 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with the express provisions of these Articles. Subject to article 16.4, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 16.3 If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.
- 16.4 The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between any of the Shareholders in such 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).
- 16.5 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that:
- (a) it does not contain a Minimum Transfer Condition; and
 - (b) the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice).
- 16.6 Any Transfer Notice (but not an Offer Notice (as defined in article 21) or a Drag Along Notice (as defined in article 22)) served in respect of the transfer of any Share which has not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of a Deemed Transfer Notice.

17. PERMITTED TRANSFERS OF SHARES

- 17.1 A Founder (the **Original Shareholder**) may transfer all or any of his or its Shares to a Permitted Transferee.
- 17.2 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to:
- (a) the Original Shareholder;
 - (b) any Privileged Relation(s) of the Original Shareholder;

- (c) the trustee(s) of another Family Trust of which the Original Shareholder is the Settlor; or
- (d) to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,

without any price or other restriction.

17.3 If a Permitted Transfer has been made to a Privileged Relation of the Original Shareholder, the Permitted Transferee (or the transmittee(s) of any such person), shall within 15 business days of ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of death, divorce or otherwise) 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 19,

failing which a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this article 17.3.

18. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

18.1 Except where the provisions of article 17, article 21 or article 22 apply, any transfer of Ordinary Shares by a Shareholder shall be subject to the pre-emption rights in this article 18. No A Shares or B Shares shall be capable of transfer under this article 18 (or otherwise save as provided by article 20, article 21 or article 22) unless authorised by an Ordinary Shareholder Consent.

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

- (a) subject to article 16.5(b), the number of Shares he wishes to transfer (**Sale Shares**);
- (b) the name of the proposed transferee, if any; and
- (c) subject to article 16.5(a), whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a **Minimum Transfer Condition**).

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

18.4 As soon as practicable following the later of:

- (a) receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and
- (b) the determination of the Transfer Price,

the Directors shall (unless the Transfer Notice is withdrawn in accordance with these Articles) offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 18 at the Transfer Price. Each offer shall be in writing and give details of the number, class and Transfer Price of the Sale Shares offered

18.5 The Company shall offer the Sale Shares to the Ordinary Shareholders and such offer shall remain open for acceptance for a period from the date of the offer to the date 20 business days after the offer (**Offer Period**).

18.6 If:

- (a) at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each Ordinary Shareholder who has applied for Sale Shares in the proportion which his existing holding of Ordinary Shares bears to the total number of Ordinary Shares in issue (other than those held by the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors). No allocation shall be made to an Ordinary Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy;
- (b) not all Sale Shares are allocated following allocations in accordance with article 18.6(a), but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 18.6(a). The procedure set out in this article 18.6(b) shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and
- (c) at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the Ordinary Shareholders in accordance with their applications. The balance shall be offered to any other person(s) as the Directors may determine, with an Ordinary Shareholder Consent, at the same price and on the same terms as the offer to the Ordinary Shareholders.

- 18.7 Where the Transfer Notice contains a Minimum Transfer Condition:
- (a) any allocation made under article 18.6 shall be conditional on the fulfilment of the Minimum Transfer Condition; and
 - (b) if the total number of Sale Shares applied for under article 18.6 is less than the number of Sale Shares, the Directors shall notify the Seller and all those Shareholders to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

- 18.8 Where either:
- (a) the Transfer Notice does not contain a Minimum Transfer Condition; or
 - (b) allocations have been made in respect of all the Sale Shares,

the Directors shall, when no further offers or allocations are required to be made under article 18.6, give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each Shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 10 business days, but not more than 20 business days, after the date of the Allocation Notice).

- 18.9 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, transfer the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice.

- 18.10 If the Seller fails to comply with article 18.9:
- (a) any other Director, or some other person nominated by a resolution of the Directors may, as agent and attorney on behalf of the Seller:
 - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
 - (ii) receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and
 - (iii) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and

- (b) the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate(s) for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Directors, in respect of any lost certificate, together with such other evidence (if any) as the Board may reasonably require to prove good title to those Shares) to the Company.

18.11 Where a Transfer Notice lapses pursuant to article 18.7(b) or an Allocation Notice does not relate to all the Sale Shares, then the Seller may, at any time during the period of 30 business days following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares or remaining Sale Shares not allocated (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of such Sale Shares (following the lapse of a Transfer Notice) in accordance with this article 18.11 shall continue to be subject to any Minimum Transfer Condition.

19. VALUATION

19.1 The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall be the Fair Value where the Seller is a Founder, or otherwise shall be the Issue Price.

19.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:

- (a) valuing the entire issued share capital of the Company as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
- (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 the relevant proportion of the total value of all the issued Shares (being the same proportion of the Sale Proceeds to which the Seller would be entitled under article 12.3(c)(i) in respect of the Sale Shares on a Share Sale of all issued Shares) ; and
- (e) reflecting any other factors which the Independent Expert reasonably believes should be taken into account.

- 19.3 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 19.4 The Independent Expert shall be requested to determine the Fair Value within 20 business days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.
- 19.5 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs.

20. COMPULSORY TRANSFERS

- 20.1 The following provisions of this article 20 shall not apply to any Founder.
- 20.2 A Shareholder is deemed to have served a Transfer Notice immediately before any of the following events:
- (a) a bankruptcy order being made against him, or an arrangement or composition being made with his creditors, or where he otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors; or
 - (b) he becomes a Leaver.
- 20.3 The Deemed Transfer Notice has the same effect as a Transfer Notice, and the provisions of article 18 shall apply, except that there is no right to withdraw a Deemed Transfer Notice. For the avoidance of doubt, the Transfer Price shall be the Issue Price of each Share.
- 20.4 Forthwith upon a Deemed Transfer Notice being served under article 20.2 the Shares subject to the relevant Deemed Transfer Notice (**Restricted Shares**) shall cease to confer on the holder of them any rights:
- (a) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
 - (b) to receive dividends or other distributions otherwise attaching to those Shares; or
 - (c) to participate in any future issue of Shares.

The Directors may reinstate the rights referred to in article 20.4 at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to article 18 on completion of such transfer.

21. MANDATORY OFFER ON CHANGE OF CONTROL

- 21.1 In the event that a proposed transfer of Shares (other than a transfer of Shares made pursuant to article 17, article 18 or article 20, but after the operation of the pre-emption procedure set out in article 18 in the case of any transfer under article 18 or article 20), whether made as one or as a series of transactions (a **Proposed Transfer**) would, if completed, result in any person other than an existing Shareholder (the **Buyer**), together with any person acting in concert with the Buyer, acquiring a Controlling Interest, the remaining provisions of this article 21 shall apply.
- 21.2 The Seller shall procure that, prior to the completion of the Proposed Transfer, the Buyer shall make an offer (the **Offer**) to each Shareholder on the date of the Offer, to buy all of the Shares held by such Shareholders on the date of the Offer for a consideration in cash per Share (the **Offer Price**) which is equal to the price per Share to which that Shareholder is entitled on a Share Sale of all the issued Shares in accordance with article 12.3(c)(i).
- 21.3 The Offer shall be made by notice in writing (an **Offer Notice**) addressed to each Shareholder on the date of the Offer at least 20 business days (the **Offer Period**) before the date fixed for completion of the Proposed Transfer (the **Sale Date**). The Offer Notice shall specify:
- (a) the identity of the Buyer (and any person(s) acting in concert with the Buyer);
 - (b) the Offer Price and any other terms and conditions of the Offer;
 - (c) the Sale Date; and
 - (d) the number of Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer.
- 21.4 The completion of the Proposed Transfer shall be conditional in all respects on:
- (a) the making of an Offer in accordance with this article 21; and
 - (b) the completion of the transfer of any Shares by any Shareholder (each an **Accepting Shareholder**) who accepts the Offer within the Offer Period,
- and the Directors shall refuse to register any Proposed Transfer made in breach of this article 21.4.

- 21.5 The Proposed Transfer is, but the purchase of Shares from Accepting Shareholders pursuant to an Offer made under this article 21 shall not be, subject to the pre-emption provisions of article 18.

22. DRAG ALONG

- 22.1 If the holders of a majority of the Ordinary Shares in issue for the time being (the **Selling Shareholders**) wish to transfer all of their interest in Shares (**Sellers' Shares**) to a bona fide purchaser on arm's-length terms (**Proposed Buyer**), the Selling Shareholders shall have the option (**Drag Along Option**) to require all the other holders of Shares on the date of the request (**Called Shareholders**) to sell and transfer all their interest in Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this article 22.
- 22.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a **Drag Along Notice**), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to this article 22;
 - (b) the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
 - (c) the consideration payable for the Called Shares calculated in accordance with article 22.4;
 - (d) the proposed date of completion of transfer of the Called Shares.
- 22.3 Once given, a Drag Along Notice may not be revoked save with the prior consent of the Directors. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 40 business days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 22.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be the same price per Share to which that Shareholder is entitled on a Share Sale of all the issued Shares in accordance with article 12.3(c)(i).
- 22.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 22.

- 22.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:
- (a) all of the Called Shareholders and the Selling Shareholders otherwise agree; or
 - (b) that date is less than 20 business days after the date of service of the Drag Along Notice, in which case completion of the sale and purchase of the Called Shares shall take place 20 business days after the date of service of the Drag Along Notice.
- 22.7 Within 20 business days of the Proposed Buyer serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of that 40 business day period the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to article 22.4 to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due pursuant to article 22.4 shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to article 22.4 in trust for the Called Shareholders without any obligation to pay interest.
- 22.8 To the extent that the Proposed Buyer has not, on the expiration of the 40 business day period, put the Company in funds to pay the amounts due pursuant to article 22.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this article 22 in respect of their Shares.
- 22.9 If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this article 22.

- 22.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares, whether or not pursuant to a Share Option Scheme (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 22 shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares.
- 22.11 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of article 18.
- 22.12 Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

ADMINISTRATIVE ARRANGEMENTS

23. MEANS OF COMMUNICATION TO BE USED

- 23.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
 - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;

- (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

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

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

24. INDEMNITY

- 24.1 Subject to article 24.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:
 - (i) in the actual or purported execution and/or discharge of his duties, or in relation to them; and
 - (ii) in relation to the company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs; and

- (b) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 24.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

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

24.3 In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

25. INSURANCE

25.1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant officer in respect of any relevant loss.

25.2 In this article:

- (a) a "relevant officer" means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor);
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.