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THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES


ARTICLES OF ASSOCIATION

OF

BELLY BUTTON DESIGNS LIMITED

Company No 0440303

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Company number 0440303
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OF
BELLY BUTTON DESIGNS LIMITED
Adopted by special resolution passed on **7/5/20** 2020

Introduction

1. Interpretation

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

Act: means the Companies Act 2006.

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

Asset Sale: the disposal by the Company of all, or a substantial part of, the business and assets of the Company.

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

Conflict: has the meaning given in article 7.1.

Distribution Amount: shall be given the meaning set out in Article 11.4.

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).

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

Founding Director: means Rachel Warrell.

Hurdle Value: means £3,000,000.

Listing: the successful application and admission of all or any of the shares in the capital of the Company, or securities representing such shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official

List of the UK Listing Authority or the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000).

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

Proceeds: means the total amounts payable by a purchaser, to the shareholders, in respect of their Shares or in the case of an Asset Sale, the total amounts payable in respect of the business and assets of the Company.

Shares: means the Ordinary and B Ordinary shares in the capital of the Company with a nominal value of £0.01 each.

Share Sale: the sale of (or the grant of a right to purchase 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 buyer of those shares (or grantee of that right) and persons Acting in Concert with the buyer together acquiring Control of the Company, except where the identities of the shareholders in the buyer and the proportion of shares of the buyer held by each of them following completion of the sale are substantially the same as the shareholders and their respective shareholdings in the Company immediately before the sale.

- 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 or statutory provision is a reference to it as it is in force on the date when these Articles become binding on the Company.
- 1.6 A reference to a statute or statutory provision shall include all subordinate legislation made as at the date on which these Articles become binding on the Company under that statute or statutory provision.

- 1.7 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.8 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.9 The Model Articles shall apply to the company, except in so far as they are modified or excluded by, or are inconsistent with, these Articles.
- 1.10 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 18(e), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company.
- 1.11 Article 7 of the Model Articles shall be amended by:
- (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and
 - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.12 Article 20 of the Model Articles shall be amended by the insertion of the words "and the secretary" before the words "properly incur".
- 1.13 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".
- 1.14 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.15 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2) of the Model Articles," after the words "the transmittee's name".
- 1.16 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"
- 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 ten 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.

4. Quorum for directors' meetings

4.1 the quorum for the transaction of business at a meeting of directors is any eligible director provided that the Founding Director must be present for a meeting to be quorate.

5. Casting vote

5.1 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 has a casting vote.

5.2 Article 5.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting).

6. Transactions or other arrangements with the company

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

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested;
- (b) shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such existing or proposed transaction or arrangement in which he is interested;

- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested;
- (d) may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

7. Directors' conflicts of interest

- 7.1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 7.2 Any authorisation under this article 7 will be effective only if:
 - (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and
 - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.
- 7.3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently):
 - (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;

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

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

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

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

8. Records of decisions to be kept

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

9. 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.

10. 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.

11. Shares

- 11.1 The capital of the Company shall constitute Ordinary and B Ordinary shares; the rights attached to the respective Shares is as follows:

As regards income:

- 11.2 The Shares shall each be treated as separate classes. The Directors may recommend dividends in respect of the different classes of Shares in different amounts or to the exclusion of any dividend in respect of the different classes of Shares as they may think fit and may pay interim dividends in respect of the different classes of Shares in different amounts or to the exclusion of any dividend in respect of one or more of such classes as they may think fit.

As regards voting:

- 11.3 Each Ordinary share shall entitle the holder to attend, speak at and vote at meetings of the Company and will be entitled to one vote per Share. The B Ordinary shares shall carry no right to speak at and vote at meetings of the company.

As regards capital:

- 11.4 On a return of capital on liquidation or otherwise (except upon a redemption of shares of any class, a capital reduction or the purchase by the Company of its own Shares) the total amount to be distributed to the shareholders of the Company (being the **Distribution Amount**) shall be distributed as follows:

11.4.1 where the Distribution Amount is less than or equal to the Hurdle Value:

- a) the Distribution Amount shall be distributed to the holders of the Ordinary Shares pro rata to their then holdings of Ordinary Shares; and
- b) the holders of the B Ordinary Shares shall have no right to receive any amount of the Distribution Amount in respect of the B Ordinary shares held by them.

11.4.2 where the Distribution Amount is greater than the Hurdle Value:

- a) first, an amount equal to the Hurdle Value shall be distributed to the holders of the Ordinary Shares pro rata to their then holdings of Ordinary shares; and
- b) Second, an amount equal to the Distribution Amount less the Hurdle Value will be distributed amongst the holders of the separate classes of

Shares pari passu as if they constituted one class of share in proportion to the percentage of Shares held by them in the Company.

11.5 On an Exit the Proceeds shall be distributed as follows:

11.5.1 where the Proceeds are less than or equal to the Hurdle Value:

- a) the Proceeds shall be distributed to the holders of the Ordinary Shares pro rata to their then holdings of Ordinary Shares; and
- b) the holders of the B Ordinary Shares shall have no right to receive any amount of the Proceeds in respect of the B Ordinary shares held by them.

11.5.2 where the Proceeds are greater than the Hurdle Value:

- a) first, an amount equal to the Hurdle Value shall be distributed to the holders of the Ordinary Shares pro rata to their then holdings of Ordinary shares; and
- b) Second, an amount equal to the Proceeds less the Hurdle Value will be distributed amongst the holders of the separate classes of Shares pari passu as if they constituted one class of share in proportion to the percentage of Shares held by them in the Company.

12. **Drag Along**

12.1 If the holders of 50% of the shares in issue in the capital of the Company for the time being (**Selling Shareholders**) wish to transfer all (but not some only) of their shares (**Sellers' Shares**) to a bona fide purchaser on arm's length terms (**Proposed Buyer**), the Selling Shareholders may require all other Shareholders (**Called Shareholders**) to sell and transfer all their shares in the Company (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this Article 12 (**Drag Along Option**).

12.2 The Selling Shareholders shall procure that the total aggregate consideration to be paid for Sellers' Shares and the Called Shares shall be based on a valuation of a price per share that is at least equal to the highest price per share paid by the Proposed Buyer for the Sellers' Shares.

12.3 The completion of the purchase of the Sellers' Shares by the Buyer shall be a Share Sale and the amount paid by the Proposed Buyer for the Sellers' Shares and the Called Shares shall be Proceeds of Sale, distributed to the Selling Shareholders and the Called

Shareholders in accordance these Articles.

- 12.4 If the Selling Shareholders do not comply with the provisions of these Articles, the Selling Shareholders shall not be entitled to sell their shares to the Proposed Buyer and any exercise of the Drag Along Option shall be invalid and shall not be binding on the Called Shareholders.
- 12.5 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (Drag Along Notice) at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their Called Shares pursuant to this Article 12;
 - (b) the person to whom the Called Shares are to be transferred;
 - (c) the aggregate purchase price payable for the Sellers' Shares and the Called Shares; and
 - (d) the proposed date of the transfer.
- 12.6 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer 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.
- 12.7 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 12.
- 12.8 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the Sellers' Shares unless:
- (a) all of the Called Shareholders and the Selling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by all of the Called Shareholders and the Selling Shareholders; or
 - (b) that date is less than 20 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 20 Business Day after service of the Drag Along Notice.

- 12.9 On or before the Completion Date, the Called Shareholders shall execute and deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the Company. On the Completion Date, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts due to them in respect of the Called Shares to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders in trust for the Called Shareholders without any obligation to pay interest.
- 12.10 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates (or any indemnity provided) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this Article 12 in respect of their shares.
- 12.11 If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with Article 12.9) transfer(s) in respect of all of the Called Shares held by it, each defaulting Called Shareholder shall, provided the Selling Shareholders have complied with Article 12.9, be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the amount due under these Articles for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as it may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the 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 shares under this Article 12.
- 12.12 Upon any person, following the issue of a Drag Along Notice, becoming a shareholder in the Company (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 in 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. The New Shareholder shall then be

bound to sell and transfer all Shares acquired by it to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this Article 12 shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the Shares shall take place on the Completion Date or immediately upon the New Shareholder becoming a Shareholder of the Company, if later.

13. Restrictions on transfer

- 13.1 Notwithstanding any provision to the contrary in these Articles, no transfer of Shares shall be permitted without the prior written consent of the holder(s) of a majority of the Shares.
- 13.2 Before transferring any shares the person proposing to transfer the same (**the Proposing Transferor**) shall give notice in writing (**Transfer Notice**) to the Company that he proposes to transfer such shares (**the Sale Shares**) and, in the event that the Proposing Transferor shall have reached an agreement or an arrangement with a third party for the sale of the Sale Shares to such third party, the Proposing Transferor shall state in the Transfer Notice the name of such third party, the price per share at which the Sale Shares are to be sold to such third party and all other material terms of the proposed transfer.
- 13.3 The Proposing Transferor shall be first required to offer the Sale Shares to other holders of the Shares (**Current Shareholders**) in priority to any third party, the consideration for those shares should be agreed between the parties at that time.
- 13.4 Only if there is any excess between the number of Sale Shares included in the Transfer Notice and the number for which the Current Shareholders have undertaken to acquire after a period of 30 days from the date of the Transfer Notice, shall a shareholder be able to transfer his shares to a third party, the number of shares being limited to the excess above those taken up by the Current Shareholders.

14. Purchase of own shares

Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

- (a) £15,000; and

- (b) the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.

Decision making by shareholders

15. Poll votes

- 15.1 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.
- 15.2 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.

16. Proxies

- 16.1 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".
- 16.2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting]" as a new paragraph at the end of that article.

Administrative arrangements

17. Means of communication to be used

- 17.1 Subject to article 17.2, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
 - (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - (b) if sent by fax, at the time of transmission; or
 - (c) if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
 - (d) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or

- (e) 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; and
- (f) if deemed receipt under the previous paragraphs of this article 17.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

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

- (a) if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
- (b) if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
- (c) if sent by post the envelope containing the notice was properly addressed, paid for and posted; or
- (d) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

18. Indemnity

18.1 Subject to article 18.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:
 - (i) in the actual or purported execution and/or discharge of his duties, or in relation to them.

including (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 18.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

18.2 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.

18.3 In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a "relevant officer" means any director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act) , 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).

19. Insurance

19.1 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.

19.2 In this article:

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