

Company number 07948431

**PRIVATE COMPANY LIMITED BY SHARES**

**WRITTEN RESOLUTIONS**

of

**CALCICO THERAPEUTICS LIMITED ("Company")**

**PASSED on 1 September 2015**

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the following resolutions of the Company were passed as ordinary and special resolutions (as indicated below)

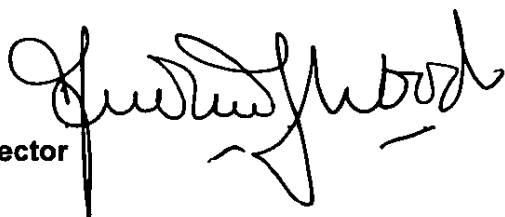
**ORDINARY RESOLUTION**

- 1A) **THAT** the Directors are generally and unconditionally authorised for the purposes of sections 549 and 551 of the Companies Act 2006 ("Act") to exercise all the powers of the Company to allot shares in the Company and/or to grant rights to subscribe for, or to convert any security into shares in the Company on and subject to such terms as the Directors may determine. The authority hereby conferred shall, subject to section 551 of the Act, be for a period expiring on the fifth anniversary of the date of this Resolution unless renewed, varied or revoked by the Company. The maximum nominal amount of shares that may be allotted pursuant to such authority shall be limited to £5,724 25. This authority is in substitution for all previous authorities conferred on the directors in accordance with section 551 of the Act but without prejudice to any allotment of shares already made or offered or agreed to be made pursuant to such authorities.
- B) **THAT** the Directors shall be entitled under the authority conferred by paragraph (A) of this Resolution or under any renewal thereof to make at any time prior to the expiry of such authority any offer or agreement which would or might require shares of the Company to be allotted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or to convert any security into shares in pursuance of such offer or agreement notwithstanding the authority conferred by this Resolution has expired.

**SPECIAL RESOLUTION**

- 2) **THAT** the rights of pre-emption in respect of issues of new shares in the capital of the Company contained in the Articles of Association or otherwise be and are hereby disapplied in respect of the issue of shares in the capital of the Company up to an aggregate nominal amount of £5,724 25.
- 3) **THAT** the draft Articles of Association in the form attached to these Resolutions be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Director



A12 08/09/2015 #338  
COMPANIES HOUSE

**Company No. 07948431**

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**of**

**CALCICO THERAPEUTICS LIMITED**

**(Adopted by special resolution of the Company passed on *1 September* 2015)**

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**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**

**of**  
**CALCICO THERAPEUTICS LIMITED**  
**(the "Company")**

**(Adopted by special resolution of the Company on: 1 September 2015)**

**1 DEFINITIONS**

1.1 In these Articles

<b>A Shares</b>	means A preferred shares of £0 001 each in the capital of the Company,
<b>A Share Dividend</b>	as defined in Article 3 1,
<b>Act</b>	means the Companies Act 2006 as amended from time to time,
<b>Advent Associate</b>	means any company, fund (including any unit trust or investment trust) or partnership (or investors or partners in such entity) which is advised, or the assets (or some material part of such assets) of which are managed (whether solely or jointly with others) from time to time, by Advent Life Sciences LLP or any person who advises, or manages the assets (or some material part of such assets) of Advent Life Sciences LLP,
<b>Advent Director</b>	means a director appointed pursuant to Article 16 1,
<b>Associated Company</b>	means a company or other body corporate which is associated with the company for the purposes of section 256 of the Act,
<b>Bad Leaver</b>	means an employee of, or consultant to, the Company who ceases to be employed or engaged (as appropriate) by the Company as a result of being dismissed or otherwise terminated after  (a) committing a material breach of any of the material provisions (including but not limited to non-compete and

confidentiality provisions) of his employment or consultancy agreement (as appropriate) unless (in any case) any such dismissal is held by a tribunal of competent jurisdiction to be unfair (otherwise than due solely to non-wilful procedural irregularities) or wrongful, or

- (b) having committed any act of fraud in relation to the business of the Company (including but not limited to data falsification), or
- (c) being convicted of a criminal offence punishable by imprisonment, other than any motoring offence for which the employee or consultant (as appropriate) is not sentenced to a term of immediate imprisonment,

**Board**

means the board of directors for the time being of the Company,

**Business Sale**

means

- (a) the sale of the whole, or substantially the whole of the business and assets of the Company, or
- (b) the sale of the whole, or substantially the whole of the IPR used by the Company to carry on its business and either owned by or licensed to the Company,

**Connected Person**

shall have the meaning set out in section 1122 Corporation Taxes Act 2010,

**Controlling Interest**

means the ownership of more than 50 per cent of the Shares in issue from time to time,

**Conversion Rate**

means in respect of any conversion pursuant to Articles 5 1, 5 2 or 5 3, one Ordinary Share for each A Share or, as the case may be, each Seed Preference Share, subject to adjustment

- (a) firstly, to take account of any sub-division, consolidation or re-classification of the A Shares, the Seed Preference Shares or the Ordinary Shares at any time before the date of conversion, and
- (b) secondly, in accordance with the formula set out in Article 9 8 or, as the case may be, Article 9 9,

<b>Departing Employee Member</b>	means an Employee Member who ceases to be a director and/or an employee and/or a consultant of any Group Company and who does not continue as a director and/or employee and/or consultant of any other Group Company,
<b>Development Plan</b>	shall have the meaning set out in the Investment Agreement,
<b>Dragging Shareholders</b>	means an Investor Majority,
<b>Due A Share Dividend</b>	means the A Share Dividend due for payment by virtue of Article 3 1 and Article 5 7,
<b>Due Preferred Dividend</b>	means the A Share Dividends and the Seed Preference Share Dividends due for payment by virtue of Article 3 1, Article 3 2 and Article 5 7,
<b>Due Seed Preference Share Dividend</b>	means Seed Preference Share Dividends due for payment by virtue of Article 3 2 and Article 5 7,
<b>electronic form</b>	has the meaning given to it in section 1168(3) of the Act,
<b>electronic means</b>	has the meaning given to it in section 1168(4) of the Act,
<b>Employee Incentivisation Scheme</b>	means (i) a Share Option Scheme and (ii) any incentivisation scheme or arrangement primarily for the benefit of employees and/or consultants to the Company, in each case the terms of which have been approved or adopted by the Company with the consent of an Investor Majority
<b>Employee Member</b>	means a person (other than an Investor Director) who is a director and/or an employee and/or a consultant of any Group Company,
<b>Employee Reserve Shares</b>	means up to 990,000 Ordinary Shares which may be issued under any one or more Employee Incentivisation Schemes,
<b>Equity Dividend</b>	as defined in Article 3 3,
<b>Family Trust</b>	means a trust which only permits the settled property or the income from the settled property to be applied for the benefit of <ul style="list-style-type: none"> <li>(a) the settlor and/or a Privileged Relation of that settlor, or</li> <li>(b) any charity or charities as default</li> </ul>

beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income from the trust when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities),

and under which no power of control is capable of being exercised over the votes of any Shares which are the subject of the trust by any person other than the trustees or the settlor or the Privileged Relations of the settlor For purposes of this definition "**settlor**" includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased Member,

<b>Founder</b>	shall have the meaning set out in the Investment Agreement,
<b>Good Leaver</b>	means a Departing Employee Member who is not a Bad Leaver,
<b>Group</b>	means the Company, its subsidiaries, any holding company of the Company (excluding any Investor) and any subsidiary of any such holding company from time to time and " <b>Group Company</b> " shall be construed accordingly,
<b>hard copy</b>	has the meaning given to it in section 1168(2) of the Act,
<b>Imperial Innovations Associate</b>	means any company, fund (including any unit trust or investment trust) or partnership (or investors or partners in such entity) which is advised, or the assets (or some material part of such assets) of which are managed (whether solely or jointly with others) from time to time, by Imperial Innovations Investment Management Limited or any person who advises, or manages the assets (or some material part of such assets) of Imperial Innovations Businesses LLP or person to whom Imperial Innovations may transfer its Shares in accordance with Article 11 4,
<b>Imperial Innovations Director</b>	means a director appointed pursuant to Article 16 2,
<b>Indebtedness</b>	means the total of  (a) amounts borrowed by a Group

Company,

- (b) any actual or contingent liability under a guarantee or indemnity given by a Group Company, and
- (c) amounts due by a Group Company under any credit sale, hire purchase, and equipment leasing agreements,

but excluding loans, and guarantees, from one Group Company to another and also excluding monies subscribed for Preferred Shares in the Company and all accrued but unpaid dividends on such Preferred Shares from time to time,

**Independent Expert**

means an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales,

**Investment Agreement**

means the investment agreement dated on the same date as the date of adoption of these Articles between, among others, the Investors and the Founders (each as defined in that agreement) and the Company, as may be varied, supplemented, adhered to and superseded (with all requisite consents) in accordance with its terms for the time being,

**Investor Director**

means any Imperial Innovations Director and / or Advent Director and “Investor Directors” shall be construed accordingly,

**Investor Director Consent**

means the prior written consent of the Investor Directors appointed and holding office from time to time, which may be given either in writing or orally at a meeting of the Board (or a committee of the Board) provided that that the consent is properly recorded in the minutes of such meeting or, if either Investor has not appointed an Investor Director or the Investors so elect otherwise, the written consent of an Investor Majority,

**Investor Majority**

means the holder(s) of in aggregate not less than (taken together) 60% of the total number of the Preferred Shares in issue from time to time,

**Investors**

means the holders for the time being of the Preferred Shares and “Investor” means any of them,



**IPO**

means the becoming effective of a listing of any share capital of the Company on the main market of London Stock Exchange plc or on AIM (a market operated by London Stock Exchange plc) or the granting of permission for any of the share capital of the Company to be dealt in on any Recognised Investment Exchange including NASDAQ and NASDAQ Europe,

**IPR**

means patents, trade marks, service marks, trade names, domain names, designs, semiconductor topography rights, database rights, copyrights (in each case in any part of the world whether or not registered or registrable and if registered or registrable for their full period of registration with all extensions and renewals, and including all applications for registration), knowhow, confidential information, product licences and any and all intellectual property rights of any nature anywhere in the world and any licences and permissions in connection with any of the above rights or information,

**Liquidation**

means the passing of a resolution for the winding up of the Company,

**Liquidation Event**

means

- (a) a Sale,
- (b) a return of assets on a Liquidation or capital reduction,
- (c) a Liquidation, dissolution or re-organisation of the Company,
- (d) any merger consolidation or acquisition, involving any Group Company ,
- (e) any distribution to the Members other than the Seed Preference Share Dividend or the A Share Dividend payable to the holders of the Seed Preference Shares or the A Shares respectively, or an Equity Dividend, or
- (f) any other event in which there is a transfer of a Controlling Interest to a Third Party Purchaser,

or otherwise as determined in the absolute discretion of an Investor Majority,

<b>Material Agreement</b>	shall have the meaning set out in the Investment Agreement,
<b>Member</b>	means a holder of Shares in the Company for the time being,
<b>Option</b>	means rights, options or warrants to subscribe for, purchase or otherwise acquire Ordinary Shares, including under any Share Option Scheme,
<b>Option Shares</b>	means all Shares originally acquired (whether by issue or transfer) by the exercise of an option to acquire Shares granted under any Share Option Scheme (and which the original acquiror or any of his Privileged Relations or any Family Trust of his holds for the time being),
<b>Ordinary Shares</b>	means ordinary shares of £0.001 each in the capital of the Company,
<b>Preferred Shares</b>	the A Shares and the Seed Preference Shares in issue from time to time,
<b>Preferred Share Dividends</b>	means the A Share Dividend and the Seed Preference Share Dividend,
<b>Privileged Relation</b>	means the spouse, civil partner, or widow or widower of a Member and the Member's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the Member's children,
<b>Qualifying IPO</b>	means an IPO which <ul style="list-style-type: none"> <li>(a) an Investor Majority designates as a Qualifying IPO by notice in writing to the Company, or</li> <li>(b) a fully underwritten IPO which <ul style="list-style-type: none"> <li>(i) raises gross proceeds for the Company of no less than £20,000,000, and</li> <li>(ii) is at a price of not less than four times the aggregate subscription price for each A Share (such share price being adjusted to take account of any subdivision, consolidation or other reorganisation of the equity share capital of the Company after the date of adoption of these Articles), excluding, for the avoidance of</li> </ul> </li> </ul>

doubt, all shares in the issued share capital of the Company immediately prior to such IPO becoming effective,

**Realisable Securities**

means securities listed on a Recognised Investment Exchange,

**Realised Equity Value**

means

- (a) in relation to a Sale or Business Sale, the aggregate value of any cash, Realisable Securities or other non-cash assets attributable to the equity share capital of the Company, or assets of the Group (as the case may be), received by the Members of the Company and their Privileged Relations or by the Company itself by way of consideration (including for this purpose any deferred consideration (whether contingent or otherwise)) directly from the purchaser pursuant to the terms of the Sale or Business Sale, and
- (b) in relation to a Liquidation, the aggregate value of any cash, Realisable Securities or other non-cash assets received by the Members of the Company on a distribution of assets in the Liquidation of the Company, to the extent that such cash, Realisable Securities or other non cash assets are attributable to the Shares of the Company (including for this purpose any deferred consideration (whether contingent or otherwise)),

**Recognised Investment Exchange**

as defined by section 285 Financial Services and Markets Act 2000,

**Redemption Price**

as defined in Article 7 5,

**Relevant Securities**

means all Shares, rights to subscribe for Shares or to receive them for no consideration and all securities convertible into Shares, but excluding

- (a) up to 990,000 Ordinary Shares to be issued pursuant to any Employee Incentive Scheme or upon the exercise of Options),
- (b) any Shares which the Company is required to issue by reason of a right specifically attached to any Share under

these Articles,

- (c) any Shares to be issued in satisfaction of any consideration due under the terms of any agreement, approved in advance by an Investor Majority, relating to the acquisition by a Group Company of all or any of the assets or issued share capital of any other company, and
- (d) any shares to be issued pursuant to Article 9 8 and Article 9 9,

### **Relevant Shares**

means in relation to an Employee Member all Shares in the Company acquired pursuant to an Employee Incentivisation Scheme held by

- (a) the Employee Member in question, and
- (b) all Members who acquired their Shares while they were such Employee Member's Privileged Relations and/or trustees holding Shares on behalf of the Employee Member's Family Trusts (other than in respect of Shares which an Investor Majority declares itself satisfied that they were not acquired by such holders either
  - (i) directly or indirectly from the Employee Member, or
  - (ii) by reason of their connection with the Employee Member

and the decision of an Investor Majority in this respect will, in the absence of manifest error, be final)

PROVIDED THAT in the case of a Good Leaver, any Shares in the Company acquired prior to the date of adoption of these Articles shall not be Relevant Shares,

### **Restricted Member**

means

- (a) a Departing Employee Member, and
- (b) all Members who acquired their Shares while they were such Departing Employee Member's Privileged Relations and/or trustees holding Shares on behalf of the Departing Employee Member's Family Trusts (other than in respect of Shares which an Investor Majority declares itself satisfied that they were

	not acquired by such holders either
	(i) directly or indirectly from the Departing Employee Member, or
	(ii) by reason of their connection with the Departing Employee Member
	and the decision of an Investor Majority in this respect will, in the absence of manifest error, be final),
<b>Sale</b>	means the sale of the entire or any part of the issued equity share capital of the Company to a Third Party Purchaser (or to one or more purchasers whether as part of a single transaction or as a series of connected transactions) resulting in that person together with any person acting in concert with such person holding a Controlling Interest (and shall include a sale pursuant to Article 13, a Business Sale and an IPO (other than a Qualifying IPO)),
<b>Sale Shares</b>	means the Shares specified or deemed to be specified for sale in a Transfer Notice or Deemed Transfer Notice,
<b>Second Completion</b>	has the meaning set out in the Investment Agreement,
<b>Second Subscription Shares</b>	has the meaning set out in the Investment Agreement;
<b>Seed Preference Share Dividend</b>	as defined in Article 3 2,
<b>Seed Preference Shares</b>	means seed preference shares of £0 001 each in the capital of the Company,
<b>Seller</b>	means the transferor of Shares pursuant to a Transfer Notice,
<b>Share Option Scheme</b>	means any share option scheme of the Company approved by an Investor Majority as being a share option scheme for the purposes of these Articles or the Investment Agreement,
<b>Shares</b>	means shares (of any class) in the capital of the Company,
<b>Subscription Price</b>	means the amount paid up or credited as paid up (including any premium on issue) on the Share concerned,
<b>Termination Date</b>	means

- (a) where the employment ceases by virtue of notice given by the Company (or relevant Group Company) to the employee, the date on which such notice expires,
- (b) where the contract of employment is terminated by the Company (or relevant Group Company) and a payment is made in lieu of notice, the date on which notice of termination was served,
- (c) where an Employee Member dies, the date of his death,
- (d) where an Employee Member ceases to perform his duties as a result of ill health but his contract of employment or consultancy continues solely to enable him to obtain permanent health insurance benefits under his contract of employment or consultancy, the date on which the contract of employment or consultancy would otherwise have become terminable,
- (e) where the Employee Member concerned is a director or consultant but not an employee, the date on which his contract for services or letter of appointment with the Company (or relevant Group Company) is terminated, and
- (f) in any other case, the date on which the contract of employment or office or consultancy (as the case may be) is terminated,

**Third Party Purchaser**

any person who is neither a party to the Investment Agreement from time to time nor a Connected Person of such a party,

**Transfer Notice**

means a notice in writing given by any Member to the Company where such Member desires or is required by these Articles to transfer any Shares and where such notice is deemed to have been served it shall be referred to as a **"Deemed Transfer Notice"**,

**Warehouse**

means a trust established with the prior written consent of an Investor Majority and whose beneficiaries are the bona fide directors and/or employees and/or future directors and/or future employees of any Group Company

- 1 2 Whether or not persons are **acting in concert** will be determined by the then most recent edition of the City Code on Takeovers and Mergers, but any Investor will not be considered to be acting in concert with another Investor merely by reason of co-operating in a syndicate in the ordinary course of their respective businesses
- 1 3 Where a share is expressed to have certain rights on an **as converted basis** then for the purpose of determining these rights the share in question will be deemed to have been converted into an Ordinary Share(s) in accordance with these Articles
- 1 4 The words and phrases **other, including and in particular** shall not limit the generality of any preceding words or be construed as being limited to the same class as the preceding words where a wider construction is possible
- 1 5 In these Articles, unless the context otherwise requires, words in the singular include the plural and vice versa

## 2. MODEL ARTICLES

The regulations in Table A in the Schedule to the Companies (*Tables A to F*) Regulations 1985 as amended from time to time, shall not apply to the Company. These Articles, together with the articles contained in Schedule 1 to the Companies (*Model Articles*) Regulations 2008 (**Model Articles**) shall be the Articles of Association of the Company (the **Articles**) save insofar as the Model Articles are excluded or varied by these Articles. The following articles in the Model Articles shall not apply to the Company: 7(1) (*directors to take decisions collectively*), 8 (*unanimous decision*), 9(3) and (4) (*calling a directors' meeting*), 10(1) and (2) (*participation in directors' meetings*), 11 (*quorum for directors' meetings*), 13 (*casting vote*), 14 (*conflicts of interest*), 17(2) (*methods of appointing directors*), 30(2) (*Procedure for declaring dividends*), 52 (*indemnity*) and 53 (*insurance*).

## 3. DIVIDENDS

The Company shall apply the profits of the Company available for distribution to pay dividends in the following order of priority

- 3 1 First, to the extent that the Company has, on the relevant payment date, profits available for distribution, then they shall be applied (before the declaration of any other dividend on any Shares and before the application of any profits to reserves or for any other purpose (except where such application is required under the Act)), in paying to the holders of A Shares a dividend for each A Share (the **A Share Dividend**) as follows

<b>Amount:</b>	8% of the Subscription Price of such A Share per annum,
<b>Accrual date:</b>	accruing quarterly from the date of subscription of such A Shares whether or not declared, resolved or approved,
<b>Fixed payment dates:</b>	the date of an IPO, Sale or return of assets pursuant to Article 4 ( <i>Liquidation Preference</i> ), in each case giving rise to any Realised Equity Value, or the date of an automatic conversion pursuant to Article 5.1 ( <i>Conversion</i> ), as the case may be. The amount of the accrued A Share Dividend to be paid shall be the amount accrued to the respective payment date, and

**Variable payment dates**

such payment dates from time to time as determined by the Board (with the prior written consent of an Investor Majority) shall be the due date(s) for payment of the accrued A Share Dividend. The amount of the accrued A Share Dividend to be paid shall be the amount accrued to the date determined by the Board (with the prior written consent of an Investor Majority) which may be to a date earlier but not later than the due date(s) for payment.

- 3.2 Second, to the extent that the Company has, on the relevant payment date, profits available for distribution, then they shall be applied (before the declaration of any other dividend on any Shares, other than the A Share Dividend, and before the application of any profits to reserves or for any other purpose (except where such application is required under the Act)) in paying to the holders of Seed Preference Shares a cash dividend per Seed Preference Share (the **Seed Preference Share Dividend**) as follows:

**Amount:** 8% of the Subscription Price of such Seed Preference Share per annum,

**Accrual date:** accruing quarterly from the date of subscription of such Seed Preference Shares whether or not declared, resolved or approved,

**Fixed payment dates:** the date of an IPO, Sale or return of assets pursuant to Article 4 (*Liquidation Preference*), in each case giving rise to any Realised Equity Value, or the date of an automatic conversion pursuant to Article 5.1 (*Conversion*), as the case may be. The amount of the accrued Seed Preference Share Dividend to be paid shall be the amount accrued to the respective payment date, and

**Variable payment dates:** such payment dates from time to time as determined by the Board (with the prior written consent of an Investor Majority) shall be the due date(s) for payment of the accrued Seed Preference Share Dividend. The amount of the accrued Seed Preference Share Dividend to be paid shall be the amount accrued to the date determined by the Board (with the prior written consent of an Investor Majority) which may be to a date earlier but not later than the due date(s) for payment.

- 3.3 Once all accrued A Share Dividends and Seed Preference Share Dividends (whether Due A Share Dividends or Due Seed Preference Share Dividends or not) have been paid, any remaining profits which the Board may resolve to distribute in any financial year shall, with the prior written consent of an Investor Majority, be distributed amongst the holders of the Shares (pari passu as if they were all shares of the same class) in proportion to the number of Shares held by them respectively (with the holders of the A Shares and the



Seed Preference Shares participating on an as converted basis) (an "**Equity Dividend**"), provided that such Equity Dividends shall not be cumulative

- 3 4 All dividends are expressed net and shall be paid in cash. The A Share Dividend and Seed Preference Share Dividend (whether Due A Share Dividends or Due Seed Preference Share Dividends or not) shall be cumulative
- 3 5 Every dividend shall be distributed to the appropriate Members pro rata according to
- 3 5 1 in the case of the A Share Dividend, the number of A Shares held by each of them,
- 3 5 2 in the case of the Seed Preference Share Dividend, the number of seed Preference Shares held by each of them, and
- 3 5 3 in the case of an Equity Dividend the number of Shares held by each of them (with the holders of the A Shares and the Seed Preference Shares participating on an as converted basis)
- 3 6 Unless the Company has insufficient profits available for distribution and the Company is thereby prohibited from paying dividends by the Act, the Due A Share Dividend and the Due Seed Preference Share Dividend shall be paid immediately on the due date(s) for payment
- 3 7 If the Company does not, on the due date (including on a fixed payment date referred to in Article 3 1 and Article 3 2), have sufficient profits available for payment in full of the Due A Share Dividend, or as the case may be, the Due Seed Preference Share Dividend, the Company shall pay as much of the Due A Share Dividend, or as the case may be, the Due Seed Preference Share Dividend in cash as is permissible under the Act on the due date and any amount not then so paid shall be paid as soon thereafter as the Company is lawfully able to pay such sums
- 3 8 The Company shall procure that each of its subsidiaries which has profits available for distribution shall, from time to time and to the extent that it may lawfully do so, declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of any redemption monies due on the A Shares and the Seed Preference Shares and for payment of, the A Share Dividend, or as the case may be, the Seed Preference Share Dividend

#### **4 LIQUIDATION PREFERENCE**

On a Liquidation Event, the Members shall procure that any Realised Equity Value arising from the Liquidation Event (including, for the avoidance of doubt any Realised Equity Value paid, or issued, on a deferred basis) shall be applied in the following order of priority

- 4 1 first, in paying to the holder(s) of the Preferred Shares their respective Subscription Price per Preferred Share together with a sum equal to any accruals of the Preferred Share Dividends (whether Due Preferred Share Dividends or not) calculated down to the payment date save that in the case of a Sale (other than a Business Sale) such payment shall only be made in respect of such Shares transferred as part of such Sale and such sum shall be payable whether or not any profits have been made or earned by the Company and, if there is a shortfall, the proceeds shall be distributed to the holder(s) of the Preferred Shares in proportion to the amounts due on each such Preferred Share held, and

- 4 2 thereafter, the balance of such Realised Equity Value shall be distributed amongst the holders of the Ordinary Shares, A Shares and Seed Preference Shares in proportion to the numbers of Ordinary Shares, A Shares and Seed Preference Shares held by them respectively (save that in the case of a Sale (other than a Business Sale) such payment shall only be made in respect of such Shares transferred as part of such Sale)
- 4 3 If any Realised Equity Value is paid in instalments
- 4 3 1 firstly, the holders of the Preferred Shares shall be entitled to receive all Realised Equity Value from the initial instalment and all subsequent payments until the holders of the Preferred Shares shall have received payment in full in accordance with Article 4 1, and
- 4 3 2 subject to payment in full pursuant to Article 4 3 1, thereafter any Realised Equity Value shall be distributed amongst the relevant Shareholders in accordance with Article 4 2

## **5. CONVERSION**

- 5 1 All of the Preferred Shares shall, immediately before (but contingent upon) a Qualifying IPO, convert automatically into and be redesignated as Ordinary Shares
- 5 2 Notwithstanding any other provision in these Articles, all of the A Shares held by any Investor that does not subscribe for any Second Subscription Share to be subscribed by such Investor pursuant to the Investment Agreement shall, immediately upon the issue of any Second Subscription Shares to any other Investor, convert automatically into and be redesignated as Ordinary Shares on a one for one basis
- 5 3 Without prejudice or limitation to the provisions of Articles 5 1 and 5 2
- 5 3 1 on the written direction of an individual holder of A Shares or Seed Preference Shares given to the Company at any time before a Qualifying IPO, all of the A Shares or all of the Seed Preference Shares held by such Member shall convert automatically into and be redesignated as Ordinary Shares, and
- 5 3 2 on the written direction of an Investor Majority given to the Company at any time prior to a Qualifying IPO, all of the A Shares and all of the Seed Preference Shares shall convert automatically into, and be redesignated as, Ordinary Shares

The conversion shall take effect immediately upon the date of delivery of such written direction to the Company (unless such direction states that conversion is to be effective when any conditions specified in the notice have been fulfilled in which case conversion shall take effect when such conditions have been fulfilled)

- 5 4 The A Shares and Seed Preference Shares shall convert (whether pursuant to Article 5 1, Article 5 2, or Article 5 3) into Ordinary Shares at the Conversion Rate So long as any A Shares or Seed Preference Shares remain capable of being converted into and redesignated as Ordinary Shares then, if any bonus or rights issue or other offer or invitation of similar effect is made by or on behalf of the Company to the holders of the Ordinary Shares, the Company shall make or, so far as it is able, procure that there shall be made a like bonus or rights issue, offer or invitation at the same time to each holder of A Shares and Seed Preference Shares as if the conversion rights in respect of such A Shares and Seed Preference Shares had been exercised in full on the record date for such issue, offer or invitation

- 5 5 Forthwith after a conversion takes effect under Article 5 1, Article 5 2 or Article 5 3 the holders of the resulting Ordinary Shares shall send to the Company the certificates in respect of their holding of Preferred Shares and the Company shall issue to such holder a certificate for the Ordinary Shares resulting from the conversion
- 5 6 The Ordinary Shares resulting from a conversion under Article 5 1 or Article 5 3 shall rank from the date of conversion *pari passu* in all respects with the other Ordinary Shares then in issue
- 5 7 On the date of any conversion pursuant to Article 5 1 the Company shall, subject to Article 3 6 and Article 3 7, pay a dividend to the holder(s) of the A Shares and the Seed Preference Shares being converted, of a sum equal to all accruals of any A Share Dividends or Seed Preference Share Dividends (whether Due A Share Dividends or Due Seed Preference Share Dividends or not) on the A Shares and the Seed Preference Shares being converted, calculated down to the date of conversion and the holder(s) of such A Shares and Seed Preference Shares being converted shall (or may direct the Company to) apply such dividend in subscribing for such number of Ordinary Shares at the Conversion Rate as if their conversion rights had been exercised in full

## 6. VOTING

- 6 1 Subject to any other provisions in these Articles concerning voting rights (including, without limitation, Article 11 11 and Article 11 12), Shares in the Company shall carry votes as follows

<b>A Shares</b>	one vote per A Share,
<b>Seed Preference Shares</b>	one vote per Seed Preference Share, and
<b>Ordinary Shares</b>	one vote per Ordinary Share,

- 6 2 Votes on Shares may be exercised

- 6 2 1 on a show of hands by every Member who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each Member shall have one vote), and
- 6 2 2 on a poll by every Member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each Member shall, subject to Article 6 1 have one vote for every Share of which he is the holder)

## 7. REDEMPTION

- 7 1 Any holder of A Shares or any Seed Preference Shares shall have the right at any time after the eighth anniversary of the date of adoption of these Articles by giving seven days prior written notice to the Company (a **"redemption notice"**), to require the Company (subject to the provisions of the Act) to redeem for cash at the Redemption Price such number of A Shares or Seed Preference Shares held by it or set out in the redemption notice on or as soon as reasonably practicable after the date set out in the notice (the **"redemption date"**) provided always that the redemption date is not less than seven days later than the date of the redemption notice
- 7 2 Subject to Article 7 3, the Redemption Price shall be paid on the redemption date, subject to receipt of the relevant share certificates (or an indemnity in a form reasonably satisfactory to the Company) by the Company

- 7 3 If the Company shall be unable, in compliance with the Act, to redeem all or any of the relevant Shares in accordance with Article 7 1 on the redemption date, the Company shall redeem such number of Shares as may be lawfully redeemed at that time in the proportion, as nearly as circumstances permit, to the number of A Shares or Seed Preference Shares the subject of redemption notices, if more than one holder of A Shares or Seed Preference Shares wishes to have its A Shares or Seed Preference Shares redeemed. The Company shall redeem the remaining A Shares or, as the case may be, Seed Preference Shares, the subject of redemption notices which would otherwise have fallen to be redeemed in accordance with Article 7 1 as soon as the Company shall be able to do so in compliance with the Act in proportion as nearly as circumstances permit to the number of A Shares or as the case may be, Seed Preference Shares the subject of redemption notices.
- 7 4 If the Company has not redeemed the A Shares or, as the case may be, Seed Preference Shares the subject of redemption notices within 30 days of the date of the redemption notice, notwithstanding any other provision of these Articles the holders of A Shares or as the case may be, Seed Preference Shares acting together shall thereafter be entitled to appoint and remove a majority of the Board.
- 7 5 For the purposes of Article 7 the “**Redemption Price**” shall mean
- 7 5 1 in the case of the A Shares the aggregate of the Subscription Price and the Due A Share Dividends in respect of the A Shares the subject of the relevant redemption notice, and
- 7 5 2 in the case of the Seed Preference Shares the aggregate of the Subscription Price and the Due Seed Preference Share Dividends in respect of the Seed Preference Shares the subject of the relevant redemption notice.

## **8. CLASS RIGHTS**

- 8 1 Whenever the capital of the Company is divided into different classes of Shares the rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up only with the prior consent of the holders of the issued Shares of that class given in accordance with Article 8 2.
- 8 2 The consent of the holders of a class of Shares may be given by
- 8 2 1 a special resolution passed at a separate general meeting of the holders of that class, or
- 8 2 2 a written resolution in any form signed by, or on behalf of the holders of not less than 75% in nominal value of the issued share capital of that class.
- 8 3 Without prejudice to the generality of Article 8 1, in relation to the A Shares and the Seed Preference Shares and without prejudice to any rights of the holders of the A Shares and the Seed Preference Shares at law, the following matters shall not be undertaken by the Company unless approved by an Investor Majority
- 8 3 1 any alteration or change to the rights of the A Shares and the Seed Preference Shares,
- 8 3 2 a redemption, repurchase or cancellation of any Shares (whether or not in issue for the time being) (save as provided in Article 7),

- 8 3 3 the declaration or payment of any dividend on any Shares (save as expressly provided in Article 3),
- 8 3 4 an increase, reduction, subdivision, consolidation or other reorganisation of the issued share capital of the Company (other than in connection with the issue of shares which the Company is required to make by reason of a right specifically attached to any share under these Articles or pursuant to any Share Option Scheme),
- 8 3 5 the creation of any new class of shares,
- 8 3 6 an amendment, alteration or repeal of any provision of these Articles or the memorandum of association of the Company,
- 8 3 7 a reclassification of any Shares of any class,
- 8 3 8 any merger, consolidation, sale, transfer, lease, licence or other disposal of all or any substantial part of the undertaking, business or assets of the Company (or other Group Company) or any material IPR,
- 8 3 9 the entry into any agreement, arrangement or transaction as a result of which a majority of the votes attached to the shares in issue for the time being of the Company (or other Group Company) are acquired by any person (excluding an Investor save as permitted under these Articles),
- 8 3 10 incurring Indebtedness which, when aggregated with that of all other Group Companies, exceeds £100,000,
- 8 3 11 seek or implement a Business Sale, an IPO or a sale of any of the Company's securities,
- 8 3 12 entering into or permitting any guarantee, indemnity, undertaking, mortgage, charge, pledge, lien, assignment, hypothecation, security interest (including any created by Official Requirement), title retention or other security agreement or arrangement other material commitment or capital account or unusual liability, other than in the ordinary course of its business,
- 8 3 13 save where the Company is unable to pay its debts as they fall due within the meaning of section 123 of the Insolvency Act 1986, passing a resolution that it be wound up,
- 8 3 14 make a proposal to any creditors of the Company for a voluntary arrangement pursuant to section 1 of the Insolvency Act 1986,
- 8 3 15 save where the Company is unable to pay its debts as they fall due within the meaning of section 123 of the Insolvency Act 1986, presenting a petition or make an application for an administration order to be made in relation to the Company pursuant to the Insolvency Act 1986 or taking any step in relation to the appointment of an administrator to any Group Company, or
- 8 3 16 incurring an obligation to do any of the foregoing matters set out in Article 8 3 1 to Article 8 3 15 (inclusive)

## **9. FURTHER ISSUES OF SHARES**

- 9 1 Save with the prior written consent of an Investor Majority, all Relevant Securities will be offered by the Company for subscription to the holders of Preferred Shares as equal (as nearly as possible) the proportion of Shares held by them respectively at that time. The offer will be made by notice specifying the number and class of Shares or securities offered, the price per Share or security, and a time (being not less than 21 days (or such other period as an Investor Majority may specify) within which the offer, if not accepted, will be deemed to be declined.
- 9 2 Any Relevant Securities not taken up at the end of the procedure set out in Article 9 1 will be offered by the Company for subscription to the holders of Shares as nearly as possible, on the same terms in such proportions as equal (as nearly as possible) the proportion of Shares held by them respectively at that time. The offer will be made by notice specifying the number and class of Shares or securities offered, the price per Share or security, and a time (being not less than 21 days (or such other period as an Investor Majority may specify) within which the offer, if not accepted, will be deemed to be declined.
- 9 3 Any Relevant Securities not taken up at the end of the procedure set out in Article 9 2 may be offered by the Company to a third party and, subject to these Articles and the Act, such Shares or securities will be at the disposal of the directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms as they think fit. However
- 9 3 1 no Shares will be issued at a discount,
- 9 3 2 no Shares or securities will be issued more than three months after the end of the period for acceptance of the last offer of such Shares or securities under Article 9 2 unless the procedure set out in those Articles is repeated in respect of such Shares or securities,
- 9 3 3 no Shares or securities will be issued on terms which are more favourable than those on which they were offered to the Members, and
- 9 3 4 no Shares or securities will be issued to any person who, in the opinion of the directors, is carrying on business directly or indirectly in competition with the Company or any member of the Group.
- 9 4 A Member shall be entitled to direct that some or all of the Shares or other securities offered to it under the foregoing provisions of this Article 9 (*Further Issues of shares*) are to be issued to any Permitted Transferee of such Member.
- 9 5 The provisions of sections 561 and 562 of the Act do not apply to the Company.
- 9 6 Shares may be issued as nil paid, partly paid or fully paid.
- 9 7 Article 24(2)(c) of the Model Articles shall be amended by the deletion of the words "that the shares are fully paid" and the insertion of the words "the extent to which the shares are paid up".
- 9 8 If any time after the date of adoption of these Articles the Company issues (or agrees to issue) any Relevant Securities without consideration or for a consideration per share less than £1 20, then the Conversion Rate to be applied in respect of the A Shares shall be reduced, concurrently with such issue, to a rate (calculated to the nearest one-hundredth of a penny) determined in accordance with the following formula

$$\text{CP2} = \text{CP1} \times \{(\text{A} + \text{B}) \div (\text{A} + \text{C})\}$$

9 8 1 For purposes of the foregoing formula, the following definitions shall apply

- (a) "CP2" shall mean the Conversion Rate applicable immediately after such issue of Relevant Securities,
- (b) "CP1" shall mean the Conversion Rate applicable immediately prior to such issue of Relevant Securities (being 1 A Share per Ordinary Share),
- (c) "A" shall mean the number of Shares outstanding immediately prior to such issue of Relevant Securities (treating for this purpose as outstanding all Shares issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of convertible securities (including the A Shares) outstanding (assuming exercise of any outstanding Options for such shares) immediately prior to such issue),
- (d) "B" shall mean the number of Shares that would have been issued if such Relevant Securities had been issued at the rate determined by dividing the aggregate consideration received by the Company in respect of such issue by £1 20, and
- (e) "C" shall mean the number of such Relevant Securities issued in such transaction

9 9 If the Company issues (or agrees to issue) any Relevant Securities without consideration or for a consideration per share less than £1 20, then the Conversion Rate to be applied in respect of the Seed Preference Shares shall be reduced, concurrently with such issue, to a rate (calculated to the nearest one-hundredth of a penny) determined in accordance with the following formula

$$\text{CP2} = \text{CP1} \times \{(\text{A} + \text{B}) \div (\text{A} + \text{C})\}.$$

9 9 1 For purposes of the foregoing formula, the following definitions shall apply

- (a) "CP2" shall mean the Conversion Rate applicable immediately after such issue of Relevant Securities,
- (b) "CP1" shall mean the Conversion Rate applicable immediately prior to such issue of Relevant Securities (being 1 Seed Preference Share per Ordinary Share),
- (c) "A" shall mean the number of Shares outstanding immediately prior to such issue of Relevant Securities (treating for this purpose as outstanding all Shares issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of convertible securities (including the Seed Preference Shares) outstanding (assuming exercise of any outstanding Options for such shares) immediately prior to such issue),
- (d) "B" shall mean the number of Shares that would have been issued if such Relevant Securities had been issued at the rate determined by dividing the aggregate consideration received by the Company in respect of such issue by £1 20, and

- (e) "C" shall mean the number of such Relevant Securities issued in such transaction

No adjustment in the Conversion Rate shall be made as the result of the issuance or deemed issuance of Relevant Securities if the Company receives written notice from an Investor Majority agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Relevant Securities

- 9 10 The Board is unconditionally authorised for the purpose of section 549 of the Act to allot any additional Shares as provided in Article 9 8 and Article 9 9 and Articles 9 1 to 9 3, shall not apply to such allotments

- 9 11 In the case of

9 11 1 an issue of Shares for a consideration in whole or in part other than cash, in calculating the subscription price of these shares for the purposes of this Article 9 (*Further Issues of shares*), the consideration other than cash shall be deemed to be the fair value of such consideration (irrespective of any accounting treatment) as determined by, and

9 11 2 any other dispute arising out of this Article 9 (*Further issues of Shares*) the matter shall be referred to an Independent Expert (acting as experts and not as arbitrators) whose decision shall, in the absence of manifest error, be final and binding (and the costs and expenses of the Independent Expert shall be borne as the Independent Expert shall determine)

## 10. TRANSFER OF SHARES

The Board shall refuse to register any transfer of Shares made in contravention of the provisions of these Articles but shall not otherwise be entitled to refuse to register any transfer of Shares For the purpose of ensuring that a particular transfer of Shares is permitted under the provisions of these Articles, the Board may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the Board may reasonably think necessary or relevant Failing such information or evidence being furnished to the satisfaction of the Board within a period of 28 days after such request the Board shall be entitled to refuse to register the transfer in question Article 26(5) of the Model Articles shall not apply to the Company

## 11. PERMITTED AND MANDATORY TRANSFERS

### Permitted transfers to Privileged Relations and Family Trusts

- 11 1 Any holder of Ordinary Shares may at any time during his lifetime transfer all or any Shares held by him to

11 1 1 a Privileged Relation, or

11 1 2 to trustees to be held upon a Family Trust of which he is the settler,

provided that any such transfer of Shares to trustees to be held upon a Family Trust may only be made with an Investor Director Consent to be given in accordance with Article 11 2 If a transferee of any Shares under Article 11 1 (whether direct or as a result of a series of transactions) ceases to be a Privileged Relation of the original transferor of the



relevant Shares, such transferee shall forthwith transfer the relevant Shares back to the original transferor

#### **Criteria for consents to Family Trusts**

- 11 2 Where an Investor Director Consent requested to a transfer to a Family Trust such consent must be given forthwith (acting reasonably) if the Investor Directors are satisfied
- 11 2 1 with the terms of the trust instrument and in particular the powers and identity of the proposed trustees,
  - 11 2 2 that the proposed transfer will not result in 30% or more in the aggregate of the Company's equity share capital being held by trustees of that and any other trust, and
  - 11 2 3 that no costs incurred in connection with the setting up or administration of the Family Trust in question are to be paid by the Company (and if such costs are to be paid by the Company, an Investor Director Consent will be given forthwith upon the reimbursement of such costs by the relevant holder of Ordinary Shares)
- 11 3 Where any Shares are held by trustees upon a Family Trust such Shares may be transferred without restriction as to price or otherwise
- 11 3 1 on any change of trustees, to the new trustees of that Family Trust, and
  - 11 3 2 at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor

#### **Permitted transfers by corporate investors**

- 11 4 Notwithstanding any other provisions of these Articles, a transfer of any Shares in the Company held by any Investor which is a company or other entity or investment vehicle may be made to any of its subsidiaries, any holding company or to any subsidiary of that holding company or to any entity or investment vehicle in which the Investor, its holding company or any subsidiary of that holding company manages or has a majority economic interest (a "**member of the same group**") without restriction as to price or otherwise, and any such transfer shall be registered by the Board. If any such transferee ceases to be a member of the same group as the original transferor it shall forthwith transfer the relevant Shares back to the original transferor, or another member of the same group as the original transferor. If the transfer is not effected for any reason within 20 days of the date on which the transferee ceased to be a member of the same group as the original transferor, a Transfer Notice (as defined below) shall be deemed to have been given in respect of such shares
- 11 5 Notwithstanding any other provision of these Articles, a transfer of any Shares may be made without restriction as to price or otherwise (and any such transfers shall be registered by the Board) by an Advent Associate to another Advent Associate and / or by an Imperial Innovations Associate to another Imperial Innovations Associate

#### **Transfers with Investor Director Consent**

- 11 6 Notwithstanding any other provision of these Articles, a transfer of any Shares approved by an Investor Director Consent may be made without restriction as to price or otherwise and any such transfer shall be registered by the Board

### **Mandatory transfer if trust ceases to be a Family Trust**

- 11 7 If and whenever any Shares held by trustees upon a Family Trust cease to be so held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to any Privileged Relation of the settlor) or there cease to be any beneficiaries of the Family Trust other than a charity or charities (each a **"Cessation Event"**) and the relevant Shares are not transferred back to trustees to be held upon a Family Trust or the trust deed governing the Family Trust is not varied in accordance with its terms so as to include additional Privileged Relations of the settlor as beneficiaries (as the case may be) within 60 days of the Cessation Event, a Transfer Notice (as defined below) shall be deemed to have been given in respect of all Shares in the Company by the holders of such Shares and such Shares may not otherwise be transferred

### **Transfers pursuant to drag along or tag along rights**

- 11 8 Any Share may be transferred in accordance with Article 13 (*Change of control – Drag along rights*)

### **Mandatory transfer on cessation of employment**

- 11 9 If an Employee Member becomes a Departing Employee Member, the Board may (with an Investor Director Consent) direct in writing in respect of any particular Departing Employee Member within the period ending one year after the relevant Termination Date, that a Transfer Notice shall be deemed to have been served in respect of the relevant percentage of all Relevant Shares (a **"Compulsory Employee Transfer"**) For the purposes of this Article 11 9 the term **"relevant percentage"** means

(a) where the Departing Employee Member is a Good Leaver

- (A) if the relevant person becomes a Departing Employee Member before the first anniversary of the date of issue of the Relevant Shares to the Departing Employee Member (the **"First Anniversary"**), 100% of the Relevant Shares,
- (B) if the relevant person becomes a Departing Employee Member on or after the First Anniversary but before the fourth anniversary of the date of issue of the Relevant Shares to the Departing Employee Member (the **"Fourth Anniversary"**) the relevant percentage of the Relevant Shares shall be determined by applying the following formula

$$(1 - [U/48]) \times 100$$

where,

**U** = the number of complete calendar months elapsed between the date of issue of the Relevant Shares to the Departing Employee Member and the date on which the Departing Employee Member became a Departing Employee Member

- (C) if the relevant person becomes a Departing Employee Member on or after the Fourth Anniversary, 0% of the Relevant Shares

(b) where the Departing Employee Member is a Bad Leaver, 100% of the Relevant Shares

## Transfer by Warehouse

- 11 10 Where any Shares are held by a trustee(s) in a Warehouse, those Shares may be transferred to
- (a) any new trustee(s) of the Warehouse appointed on a change in trustee(s), or
  - (b) any beneficiary of the Warehouse on such terms as an Investor Majority may from time to time direct by notice in writing to the trustees

## Restriction of voting rights

- 11 11 All voting rights attached to all Shares held by a Restricted Member shall at the time he becomes a Restricted Member forthwith be suspended
- 11 12 Such Shares whose voting rights are suspended pursuant to Article 11 11 ("**Restricted Shares**") shall confer on the holders of the right to receive notice of and attend all general meetings of the Company but shall have no right to vote either in person or by proxy. Such voting rights shall be automatically restored immediately prior to an IPO. If a person to whom this Article 11 12 applies transfers any Shares in the Company in accordance with these Articles to a person to whom the Investor Directors declares themselves satisfied is not a Privileged Relation of the Restricted Member nor a trustee for a Family Trust of the Restricted Member, all voting rights attached to the Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of Members) automatically be restored

## 12. PRE-EMPTION RIGHTS

### Transfer Notices and Sale Price

- 12 1 Except where otherwise provided in these Articles (including without limitation pursuant to Article 11 1 to 11 8 and 11 10 and Articles 13 and 14), every Member who desires to transfer any interest in Shares must serve a Transfer Notice and any Member who is required by these Articles to transfer any interest in Shares will be deemed to have served a Deemed Transfer Notice. Transfer Notices and Deemed Transfer Notices shall constitute the Company the Seller's agent for the sale of the Sale Shares in one or more lots at the discretion of the Board at the price per Sale Share, subject to Article 12 2, agreed by the Seller and the Board (with Investor Director Consent) (the "**Sale Price**") The provisions of this Article 12 (*Pre-emption rights*) shall cease to apply following the effective date of a Qualifying IPO
- 12 2 If the Seller and the Board are unable to agree a price within 21 days of the Transfer Notice being given or being deemed to have been given, the Sale Price will be the highest price per share paid on an arm's length basis, for any shares that were cancelled by the Company and/or were transferred by a member during the three month period immediately prior to the date of the Transfer Notice. In the event that shares were not allotted by the Company and/or were not transferred during the three month period preceding the date of the Transfer Notice, then the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion a fair value of the Sale Shares. In arriving at his opinion the Independent Expert will value the Sale Shares as at the date the Transfer Notice is given, or is deemed to have been given, on a going concern basis as between a willing seller and a willing buyer, ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. The decision of the Independent Expert as to the Sale Price shall, in the absence of manifest error, be final and binding and the costs and expenses of the

Independent Expert shall be borne by the Company and the Seller in such proportion as the Independent Expert shall determine, unless the Seller shall cancel the Company's authority to sell the Sale Shares pursuant to Article 12 6, in which case such costs and expenses shall be borne by the Seller. The decision of the Independent Expert as to the Sale Price shall, in the absence of manifest error, be final and binding.

#### **Restriction of Sale Price for certain transfers by Employee Members, their Privileged Relations and Family Trusts**

- 12 3 In the case of Compulsory Employee Transfers in respect of an Employee Member who is a Good Leaver or a Bad Leaver the Sale Price shall be the subscription price of (or the price paid for) the relevant Sale Shares
- 12 4 Notwithstanding the provisions of Article 12 3, the Investor Directors may, by notice in writing served on the Company and the relevant Seller, direct that some higher (but not lower) Sale Price shall apply to any Sale Shares which would otherwise be subject to Article 12 3

#### **Right of Seller to reject partial sales**

- 12 5 A Transfer Notice (but not a Deemed Transfer Notice) may contain a condition (a "**Total Transfer Condition**") that unless all the Sale Shares are sold by the Company pursuant to this Article 12 (*Pre-emption rights*) none shall be sold. Any such provision shall be binding on the Company.

#### **Certification of the Sale Price and right of Seller to cancel**

- 12 6 If the Independent Expert is asked to certify the fair value his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. The Seller shall be entitled by notice in writing given to the Company within seven days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares unless the Shares are to be sold pursuant to a Deemed Transfer Notice.

#### **Pre-emptive offers-general**

- 12 7 Once the Sale Price has been determined then, unless the Seller has given a valid notice of cancellation, the Sale Shares shall be offered for sale in accordance with the following provisions of this Article 12 (*Pre-emption rights*).

#### **Offer to Company and Members**

- 12 8 As soon as the Sale Shares (including as a result of a Compulsory Employee Transfer) become available
- 12 8 1 the Company shall forthwith give written notice of such occurrence (such notice to include details of all the Shares to which such Transfer Notice relates) to each holder of Shares. If within 7 days of the giving of such notice by the Company, the Investor Directors require by written notice to the Company (a "**Priority Notice**") that all or any Shares to which such Transfer Notice relates should be made or kept available either for any person or persons who is or are (an) existing director(s) and/or employee(s) of a Group Company or a person or persons (whether or not then ascertained) whom in the opinion of such Investor Directors it will be necessary or expedient to appoint as (a) director(s) and/or consultant(s) and/or employee(s) of a Group Company whether or not in place of the person by whom the relevant Transfer

Notice was deemed to be given then the provisions of Article 12 8 2 shall apply

12 8 2 If a Priority Notice is given, then, in relation to the Shares the subject of the notice (the "**Priority Shares**"), the Priority Shares shall either

- (a) be offered to the person(s) (and, in the case of more than one, in the proportions) specified in the Priority Notice (conditional, in the case of any prospective director and/or consultant and/or employee upon his taking up his proposed appointment with a Group Company (if not then taken up)), or
- (b) if the relevant Priority Notice so requires, be offered to the Warehouse to be held (in the event of their acquiring the Priority Shares) on and subject to the terms referred to in Article 12 8 4

12 8 3 If the Warehouse becomes the holders of Priority Shares, then (unless and to the extent that the directors with the approval of the Investor Directors otherwise agree from time to time) they shall hold the same on, and subject to, the following terms

- (a) they may exercise the voting rights (if any) for the time being attaching to such Shares as they think fit,
- (b) save with the approval of an Investor Majority, they shall not encumber the same,
- (c) they will (subject as provided in Article 12 8 4) transfer the legal title to such Shares and all such other interests as they may have in the Shares to (and only to) such person or persons and at such time or times and otherwise on such terms as the Investor Directors may from time to time direct by notice in writing to the Warehouse provided that the Warehouse may not be required to enter into any agreement or otherwise take any action if and to the extent that they would or might incur any personal liability (whether actual or contingent) or suffer any personal loss,
- (d) if an offer is made to them for the Priority Shares (whether as part of a general offer or otherwise) then the Warehouse shall seek instructions from the Investor Directors as to what (if any) actions they should take with regard to such Shares but, if instructions are not received from the Investor Directors within 21 days of seeking them, the Warehouse may accept or decline to accept such offer, as it thinks fit

12 8 4 An Investor Majority may not direct the Warehouse to transfer all or any Priority Shares other than to a person who is an existing director and/or consultant and/or employee of a Group Company or who has agreed (subject only to Priority Shares being transferred to him) to accept appointment as such a director and/or employee save with the prior approval of the directors

12 8 5 If no priority notice is served within the period set out in Article 12 8 1, the Sale Shares shall be offered to the Company forthwith

12 9 To the extent that such Sale Shares are not accepted by the Company within 14 days of the date of the offer, the balance of (or, where no Priority Notice is served, all of) the Sale Shares shall forthwith be offered for sale by the Company giving notice in writing to that

effect to all holders of Shares (other than the Seller and any Restricted Members) The notice shall specify

- 12 9 1 the number of Sale Shares on offer and the Sale Price,
- 12 9 2 the identity of the proposed transferee (if any),
- 12 9 3 whether the Sale Shares are subject to a Total Transfer Condition, and
- 12 9 4 the date by which the application to purchase the Sale Shares has to be received by the Company (being a date no less than 14 days and no more than 21 days after the date of the notice)

The notice shall set out the method of allocation of the Sale Shares and shall invite each Member to apply in writing to the Company for as many of the Sale Shares (if any) as that Member would like to purchase

#### **Basis of allocation of Sale Shares**

- 12 10 The Sale Shares shall be allocated by the Board in satisfaction of the applications received in accordance with the procedure set out in this Article 12 (*Pre-emption rights*)
- 12 11 Sale Shares shall be allocated first in satisfaction of the applications from holders of Preferred Shares If, after all applications for Sale Shares from that particular class have been satisfied, there are any Sale Shares remaining, such Sale Shares shall be allocated in satisfaction of applications received from holders of Ordinary Shares
- 12 12 If the total number of Sale Shares applied for by the Members is equal to or less than the number of Sale Shares available, the Sale Shares shall be allocated in satisfaction of the applications received
- 12 13 If the total number of Sale Shares applied for is more than the number of Sale Shares available, the Board shall allocate Sale Shares in satisfaction of each Member's application for Sale Shares in accordance with the following formula This formula shall be applied repeatedly until such time as there are no Sale Shares remaining to be allocated Each application of the formula is referred to in these Articles as an "**iteration**"

$$A = \frac{B}{C} \times D$$

where

- A** is the number of Sale Shares to be allocated to the relevant Member in the iteration,
- B** is the number of Shares held by the Member,
- C** is the number of Shares held by all Members to whom the iteration is being applied, and
- D** is the number of Sale Shares or, after the first iteration, the number of Sale Shares remaining unallocated by previous iterations

If, in any iteration, a Member would be allocated all or more than all of the Sale Shares for which he applied (including allocations from previous iterations) then any excess will not

be allocated to that Member. That Member will cease to take part in any further iterations and the excess Sale Shares will be available for allocation in the next iteration.

- 12 14 The Company shall notify the Seller and each Member who applied for Sale Shares of the number of Sale Shares that have been allocated and the persons to whom they have been allocated. The notification shall include the place and time (being not later than 14 days after the date by which applications had to be received) at which the sale of the Sale Shares shall be completed.

#### **Transfer procedure for pre-emptive offers**

- 12 15 If the Company finds a purchaser or purchasers for all or, where the Sale Shares are not the subject of a Total Transfer Condition, any of the Sale Shares under the terms of this Article 12 (*Pre-emption rights*) the Seller shall be bound, upon receipt of the Sale Price, to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Seller defaults in transferring Sale Shares, the Company shall, if so required by the person or persons willing to purchase such Sale Shares, receive and give a good discharge for the purchase money on behalf of the Seller and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the register of Members as the holder of such of the Sale Shares as have been transferred to them.

#### **Transfers free of pre-emption (subject to co-sale rights)**

- 12 16 Where the Company does not find purchasers for all of the Sale Shares under the preceding provisions of this Article 12 (*Pre-emption rights*) then, subject to compliance with the following provisions of this Article, the Seller shall, at any time within six months after the date of the last offer by the Company to its Members, be free to sell and transfer such of the Sale Shares as have not been sold to any person at a price which is no less than the Sale Price. If the Sale Shares were the subject of a Total Transfer Condition such a sale may only be made of all the Sale Shares and not part only.
- 12 17 Each Member holding Shares who proposes to sell Shares (a **"Selling Shareholder"**) shall not sell or otherwise dispose of any such Shares (or any interest in them) unless the following procedures of Article 12 18 to Article 12 21 (inclusive) have been observed.
- 12 18 The Selling Shareholder shall give to each of the Investors (together, the **"Co-sale Parties"**) not less than ten days' notice in advance of the proposed sale (a **"Co-sale Notice"**). The Co-sale Notice shall specify
- 12 18 1 the identity of the proposed purchaser, if any (the **"Buyer"**),
  - 12 18 2 the price per Share which the Buyer is proposing to pay,
  - 12 18 3 the manner in which the consideration is to be paid,
  - 12 18 4 the number and class of Shares which the Selling Shareholder proposes to sell, and
  - 12 18 5 the total number of Shares held by the Selling Shareholder and his Permitted Transferees.
- 12 19 Each Co-sale Party shall be entitled, within ten days after receipt of the Co-sale Notice, to notify the Selling Shareholder that he wishes to sell a certain number of Shares held by him at the proposed sale price, by sending a counter-notice which shall specify the number of Shares which the relevant Co-sale Party wishes to sell. The maximum number

of Shares which the relevant Co-sale Party can sell under this procedure shall be calculated in accordance with the following formula

$$X = \frac{A}{B} \times Y$$

where

- X** is the maximum number of Shares to be sold by the relevant Co-sale Party,
- Y** is the total number of Shares (on an as converted basis) held by the relevant Co-sale Party,
- A** is the number of Shares (on an as converted basis) which the Selling Shareholder proposes to sell, and
- B** is the total number of Shares (on an as converted basis) in issue at the date of the Co-Sale Notice

If a Co-sale Party does not send a counter-notice within such 10 day period, it shall be deemed to have specified that it does not wish to sell any Shares

- 12 20 Following the expiry of ten days from the latest date each of the Co-sale Party receives the Co-sale Notice, the Selling Shareholder shall be entitled to sell to the Buyer on the terms notified to the Investors a number of Shares not exceeding the number specified in the Co-sale Notice less any Shares which the Co-sale Parties have indicated they wish to sell up to a maximum number calculated in accordance with Article 12 19, provided that at the same time the Buyer (or another person) purchases from the relevant Co-sale Party the number of Shares he has indicated it wishes to sell up to a maximum number calculated in accordance with Article 12 19 on terms no less favourable than those obtained by the Selling Shareholders from the Buyer Sales made by any Co-sale Party in accordance with Article 12 14 to 12 18 (inclusive) shall be free of all rights of pre-emption under these Articles
- 12 21 No sale by a Selling Shareholder shall be made pursuant to any Co-sale Notice more than three months after service of that Co-sale Notice

#### **Effect of non-compliance**

- 12 22 Any transfer or purported transfer of Shares otherwise than in accordance with the provisions of these Articles shall be void and have no effect

### **13. DRAG ALONG RIGHTS**

- 13 1 If the Dragging Shareholders wish to transfer all their respective interests in Shares (the "**Dragging Shareholders' Shares**") to a bona fide arm's length Third Party Purchaser, the Dragging Shareholders shall have the option (the "**Drag Along Option**") to require all the other holders of Shares (including Option Shares) (the "**Called Shareholders**") to sell and transfer all their Shares to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the provisions of this Article 13 (*Drag along Rights* )
- 13 2 The Dragging Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "**Drag Along Notice**") at any time before the transfer of the Dragging Shareholders' Shares to the Third Party Purchaser A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Shares (including Option Shares) (the "**Called Shares**") pursuant to this Article 13 (*Drag along Rights*), the person to whom



they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with Article 13 4) and the proposed date of transfer

- 13 3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Dragging Shareholders' Shares by the Dragging Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Dragging Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 13 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 Third Party Purchaser were distributed to the holders of the Called Shares and the Dragging Shareholders' Shares in accordance with the provisions of Article 4 (*Liquidation preference*).
- 13 5 No Drag Along Notice may require a Called Shareholder to agree to any terms save those specifically provided for in this Article 13 (*Drag along Rights*).
- 13 6 No Drag Along Notice may require an Advent Associate, or an Imperial Innovations Associate to give any warranties to a Third Party Purchaser save for warranties in respect of title to their respective Shares and capacity to enter into any relevant documentation.
- 13 7 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Dragging Shareholders' Shares unless
  - 13 7 1 all of the Called Shareholders and the Dragging Shareholders agree otherwise, or
  - 13 7 2 that date is less than three days after the date of the Drag Along Notice where it shall be deferred until the third day after the date of the Drag Along Notice.
- 13 8 The rights of pre-emption set out in these Articles shall not arise on any transfer of Shares to a Third Party Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served.
- 13 9 If any holder of Shares does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by him, the defaulting holder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Dragging Shareholders to be his agent and attorney to execute all necessary transfer(s) on his behalf against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares, to deliver such transfer(s) to the Third Party Purchaser (or as the Third Party Purchaser may direct) and the Board shall forthwith register the Third Party Purchaser (or as the Third Party Purchaser may direct) as the holder of such Shares. After the Third Party Purchaser (or his nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of Shares under this Article 13 9 that no share certificate has been produced.
- 13 10 Upon any person, following the issue of a Drag Along Notice, becoming a member of the Company pursuant to the exercise of a pre-existing option (including under a Share Option Scheme) to acquire or subscribe for Shares in the Company (a "New Member"), a Drag Along Notice shall be deemed to have been served upon the New Member on the same terms as the previous Drag Along Notice who shall thereupon be bound to sell and transfer all such Shares acquired by him to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this Article 13 shall apply in every respect to the New Member 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 Member and the date of completion of the sale of the Called Shares

#### **14. TAG ALONG**

- 14 1 Save for transfers permitted under Article 11 1 to Article 11 8, 11 10 and 11 11 (inclusive), no sale or transfer of the legal or beneficial interest in any Shares (the "**Specified Shares**") may be made or validly registered if as a result of that sale or transfer and registration, the ownership of more than 40% of the Shares in issue from time to time would be obtained by any person or group of persons acting in concert unless the proposed transferees or their nominees

14 1 1 are independent third parties acting in good faith, and

14 1 2 have made an offer to purchase all of the Shares on equal terms as if the Shares were one class and which is for cash, or has a cash alternative, and which includes an undertaking by the offeror that neither it nor persons acting by agreement or understanding with it have entered into or agreed more favourable terms with any other Member for the purchase of Shares

- 14 2 An offer made under Article 14 1 shall be in writing and open for acceptance for at least 21 days, and shall be deemed to be rejected by any Member who has not accepted it in accordance with its terms within the time period prescribed for acceptance The consideration thereunder shall be settled in full on completion of the purchase

#### **15. APPOINTMENT AND REMOVAL OF DIRECTORS**

- 15 1 Subject to Article 8 3 and provided that there are not more than 6 directors of the Company from time to time the Board may appoint a person who is willing to act to be a director of the Company, either to fill a vacancy or as an additional director of the Company

- 15 2 The Company shall not, save where otherwise required by the Investor Directors from time to time, be required to have a company secretary

#### **16. BOARD APPOINTEES**

- 16 1 For so long as any Advent Associate is a holder of Shares, the manager of any Advent Associate shall be entitled at all times, by notice in writing to the Company -

16 1 1 to appoint and maintain in office one director of the Company and at any time to require the removal or substitution of any director so appointed and, upon their removal, to appoint another director in his place, and

16 1 2 to appoint a representative to attend as an observer at any meeting of the Board and of any committee of the Board who will be entitled to speak at any such meetings but will not be entitled to vote

- 16 2 For so long as any Imperial Innovations Associate is a holder of Shares, the manager of any Imperial Innovations Associate shall be entitled at all times, by notice in writing to the Company -

16 2 1 to appoint and maintain in office up to one director of the Company and at any time to require the removal or substitution of any director so appointed and, upon their removal, to appoint another director in his place and

- 16 2 2 to appoint a representative to attend as an observer at any meeting of the Board and of any committee of the Board who will be entitled to speak at any such meetings but will not be entitled to vote
- 16 3 The Board with Investor Director Consent shall by notice in writing to the Company appoint a director to act as chief executive officer of the Company
- 16 4 The Board shall by notice in writing to the Company appoint and maintain in office one non-executive director (other than the Investor Directors) approved in writing by the Investor Directors and the Founders
- 16 5 The Board shall have the right to appoint a director of the Company as chairman for the time being of the Company
- 16 6 On the request of the appointor of any Investor Director in office for the time being, the Company shall also procure that such Investor Director be appointed a director to any subsidiary of the Company
- 16 7 The reasonable travel expenses of each Investor Director (which shall include reasonable travel expenses from inside and outside the United Kingdom) shall be payable by the Company. No other fees (other than any non-executive director's fee) shall be payable to an Investor by the Company

#### **17. MEETINGS OF DIRECTORS**

Notice of every meeting of the Board (or any committee of the Board) shall be given to each director for the time being of the Company (including any alternate director) at any address supplied by him to the Company for that purpose whether or not he is present in the United Kingdom provided that any director for the time being of the Company may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him. Meetings of the Board may be held by conference telephone or similar equipment, so long as all the participants can hear each other. Such meetings shall be as effective as if the directors had met in person.

#### **18. PROCEEDINGS OF DIRECTORS**

- 18 1 The continuing directors of the Company or a sole continuing director may act notwithstanding any vacancies in their number. A sole director shall have authority to exercise all powers and discretions vested in the Board.
- 18 2 The quorum for meetings of the Board shall be three directors and must include at least one Advent Director and one Imperial Innovations Director for the time being in office (unless any particular Investor Director otherwise agrees in writing in advance that a meeting shall be quorate notwithstanding their absence). The Chairman shall not be entitled to a casting vote.
- 18 3 Any director or member of a committee of the Board may participate in a meeting of the Board or such committee by means of conference, telephone or similar communications equipment whereby all persons participating in the meeting can hear and speak to each other and any director or member of a committee participating in a meeting in this manner shall be deemed to be present in person at such meeting.

## **19. RESOLUTIONS**

- 19 1 A decision of the directors may be taken either by a decision approved by a majority of the directors at a meeting of the Board, or of a duly appointed committee of the Board, or by a directors' written resolution in accordance with Article 19 2
- 19 2 A resolution in writing signed by all the directors entitled to notice of a meeting of the Board or (as the case may be) of a committee of Board and who are entitled to attend such meeting and vote on such resolution shall be as valid and effective as if it had been passed at a meeting of the Board or (as the case may be) of a committee of Board duly called and constituted provided that the number of directors signing the resolution is not less than the number of directors required for a quorum necessary for the transaction of the business of the Board or (as the case may be) a committee of the Board The resolution may be contained in one document or in several documents in like form, each signed or approved by one or more of the directors concerned For the purpose of this Article 19 2 a resolution
- 19 2 1 may be constituted by means of an instrument in hard copy or electronic form sent to such address (if any) as may for the time being be notified by the Company for that purpose, and
- 19 2 2 may consist of several instruments each executed by one or more directors, each sent by one or more directors, or a combination of both and a resolution that is executed by an alternate director need not also be executed by his appointor

## **20. DIRECTORS' CONFLICTS OF INTEREST**

A director who declares his interest in the manner provided by the Act may vote as a director in regard to any contract or arrangement in which he is interested (including, but without prejudice to the generality of the foregoing, any contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy in which he is in any way interested) or upon any matter arising in relation to it and, if he shall so vote, his vote shall be counted and he shall be counted in the quorum when any such contract or arrangement is under consideration

## **21. PARTY PAID SHARES**

- 21 1 If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited
- 21 2 If the Subscription Price of any Share is partly paid, the rights to dividend and on a return of capital of any such Share shall be abated in the same proportion as the unpaid amount bears to the total Subscription Price of such Share

## **22. NOTICES**

- 22 1 A notice or other document or information which is sent by the Company by post (whether in hard copy or electronic form) shall be deemed to have been given or sent on the business day after the day when it was put in the post (or, where second-class post is employed, on the second business day after the day when it was put in the post) Proof

that an envelope containing the notice or other document or information was properly addressed, prepaid and posted shall be conclusive evidence that the notice or other document or information was given or sent

- 22 2 Any notice or other document or information not sent by post but left at a registered address or address for service in the United Kingdom shall be deemed to have been served on the day on which it was left
- 22 3 A notice or other document or information which is sent by the Company by electronic means and which the Company is able to show was properly addressed shall be deemed to have been given or sent on the day on which it was so sent. A notice or other document or information sent in electronic form to the Company shall not be treated as received by the Company if it is rejected by computer virus protection arrangements
- 22 4 If on two consecutive occasions the Company has attempted to send or supply notices or other documents or information by electronic means to an address for the time being notified to the Company by a member for that purpose but the Company is aware that there has been a failure of delivery of such notice or other document or information, then the Company shall thereafter send or supply the notice or other document or information through the post to such member at his registered address. For this purpose a failure of delivery is when a notice or other document or information sent by electronic means is returned undelivered to the Company or its agent with a message stating that delivery was unsuccessful from the address to which it was sent
- 22 5 A notice or other document or information which is supplied by the Company by means of a website shall be deemed to have been given or sent when it was first made available on the website or, if later, when the recipient was given or was deemed to have been given notice of the fact that the relevant notice, document or information was available on the website

## **23. INDEMNITY AND INSURANCE**

- 23 1 Subject to the provisions of, and so far as may be permitted by and consistent with the Act, each director or former director or other officer (other than an auditor) of the Company or any Associated Company may be indemnified out of the assets of the Company against
- 23 1 1 any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the Company other than, in the case of a director or former director
- (a) any liability to the Company or any Associated Company, and
- (b) any liability of the kind referred to in section 234(3) of the Act,
- 23 1 2 any liability incurred by or attaching to him in connection with the activities of the Company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act) other than a liability of the kind referred to in section 235(3) of the Act, and
- 23 1 3 any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers. For the purpose of this Article, references to "liability" will include all costs and expenses incurred by the director or former director or other officer (other than an auditor) in relation to such liability

23 2 Subject to the provisions of and so far as may be permitted by law, the directors may exercise all the powers of the Company to

23 2 1 provide any director, former director or other officer (other than an auditor) of the Company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an Associated Company, or in connection with any application for relief under the provisions mentioned in section 205(5) of the Act, and

23 2 2 do anything to enable any such person to avoid incurring such expenditure,

but so that the terms set out in section 205(2) of the Act will apply to any such provision of funds or other things so done For the purpose of this Article references to “**director**” in section 205(2) of the Act will be deemed to include references to a former director or other officer (other than an auditor) of the Company

23 3 Without prejudice to Article 23 2, the directors may purchase and maintain for or for the benefit of any person who holds or has at any time held a relevant office insurance against any liability or expense incurred by him in relation to the Company or any Associated Company or any third party in respect of any act or omission in the actual or purported discharge of the duties of the relevant office concerned or otherwise in connection with the holding of that relevant office and for this purpose “**relevant office**” means that of director or other officer (other than an auditor) of the Company or any company which is or was an Associated Company or any predecessor in business of the Company or of any Associated Company or that of trustee of any pension fund or retirement, death or disability scheme or other trust for the benefit of any officer or former officer (other than an auditor) of the Company or any Associated Company or of any such predecessor in business or their respective dependants