

Company no. 10206602

THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
MEGHA FOODS LTD



(Adopted by special resolution passed on 1 April 2021)

INTRODUCTION

**1. INTERPRETATION**

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

**'A' Ordinary Shares:** the 'A' ordinary shares of £0.01 each in the capital of the Company which have the rights set out in the Articles;

**'A' Ordinary Shareholder:** a holder for the time being of 'A' Ordinary Shares;

**Act:** the Companies Act 2006;

**acting in concert:** has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended);

**Adoption Date:** the Adoption Date of these Articles;

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

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

**Bad Leaver:** means the Founder ceasing to be an Employee by reason of gross misconduct or some other substantially similar cause which entitles the Company to lawfully terminate the contract of employment of the Founder immediately in accordance with its terms;

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

**Chairman:** the chairman of the board of Directors as appointed by the Directors from time to time;

**Civil Partner:** in relation to an individual Shareholder, a civil partner as defined in the Civil Partnerships Act 2004;

**Company:** means Megha Foods Ltd (company number 10206602);

**Company's Lien:** has the meaning given to it in Article 24.1;

**connected:** has the meaning given in section 252 of the Act;

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

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

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

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

**Effective Termination Date:**

- (a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;
- (b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;
- (c) where a Leaver dies, the date of his or her death; or
- (d) in any other case, the date on which the employment is terminated;

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

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

**Equity Shareholder:** any holder of Equity Shares;

**Equity Shares:** the Series B Shares, the Ordinary Shares and the 'A' Ordinary Shares;

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

**Exit Proceeds:** the Exit Value minus all Company costs, fees and expenses associated with such Exit;

**Exit Value:** the gross proceeds (or a bona fide valuation of the likely gross proceeds as estimated by the Independent Expert) of an Exit;

**Expiry Date:** the fifth anniversary of the Adoption Date;

**Fair Value:** has the meaning given in Article 18.2;

**Family Member:** any or all of Jonathan Warburton, Brett Warburton and Ross Warburton and their sons, daughters, spouses or civil partners;

**Family Trust:** as regards any particular Shareholder who is an individual (or deceased or former Shareholder who is an individual) any trust (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made, or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than the particular Shareholder and/or any of the Privileged Relations of that Shareholder (and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of any such person or any voting or other rights attaching thereto are exercisable by or as directed by any such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons);

**Financial Year:** an accounting reference period (as defined in section 391 of the Act) of the Company;

**Founder Director:** as the same is defined in Article 5.3;

**Founder:** Rushina Shah;

**Founder's Shares:** in relation to the Founder means 9,337 Ordinary Shares held by:

- (a) the Founder; and
- (b) any Permitted Transferee of the Founder other than those Shares held by those persons that were not acquired directly or indirectly from the Founder or by reason of that person's relationship with the Founder;

**Good Leaver:** means the Founder ceasing to be an Employee in circumstances where she is not a Bad Leaver and shall include, without limitation, when the Board determines that Founder is not a Bad Leaver;

**Group:** the Company and its subsidiaries (if any) from time to time;

**holding company:** has the meaning given in section 1159 of the Act;

**Independent Expert:** the Company's accountants from time to time, or if they decline the instruction, an independent firm of accountants appointed by Directors (in each case acting as an expert and not as an arbitrator);

**Investor Director:** as the same is defined in Article 5.4;

**Investment Agreement:** the shareholders' agreement dated on or around the Adoption Date between the Company and its Shareholders (as the same may have been varied, supplemented, adhered to or superseded in accordance with its terms for the time being);

**Investor:** Batch Ventures LLP;

**Investor Consent:** the approval in writing of the Investor (such approval not to be unreasonably withheld or delayed);

**Leaver's Percentage:** means, in relation to and for the purposes of determining the number of Founder's Shares that are required (pursuant to Article 19.5) to be transferred as a result of the Founder ceasing to be an Employee within the period commencing on the Adoption Date and ending on the Effective Termination Date, the percentage (rounded to the nearest two decimal places) as calculated using the formula below:

$$60 - ((1/36 \times 60) \times NM),$$

where NM = number of full calendar months from the Adoption Date to the Effective Termination Date such that the Leaver's Percentage shall be zero on the first day of the 37th month after the Adoption Date and thereafter;

**Lien Enforcement Notice:** means a notice in writing which complies with the requirements of Article 25.2;

**Listing:** the successful application and admission of all or any of the Shares, or securities representing such Shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official List of the Financial Conduct Authority or on the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000);

**Member A:** means Warburtons 1876 Limited, a limited liability company incorporated and registered in England and Wales with number 08409621 which has its registered office at Back o'th'Bank House, Hereford Street, Bolton, Lancashire, BL1 8HJ (and any Member A Associate nominated by Warburtons 1876 Limited, or any Member A Associate to whom its interest in the Investor shall have been transferred or assigned) and including for the purposes of Article 17 any Member A Associate;

**Member A Associate:** means (i) any Member of the Same Group as Member A, and (ii) any Family Member; and (iii) any Family Trust of a Family Member;

**Member of the Same Group:** in relation to an undertaking means its parent undertaking, any subsidiary undertaking or any subsidiary undertaking of such parent undertaking (and parent undertaking and subsidiary undertaking for the purpose of this definition shall have the meanings given to them in s.1162 of the Act);

**Model Articles:** the model Articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended prior to the Adoption Date;

**Ordinary Shares:** the ordinary shares of £0.01 each in the capital of the Company which have the rights set out in the Articles;

**Ordinary Shareholder:** a holder for the time being of Ordinary Shares;

**Original Shareholder:** has the meaning given in Article 16.1;

**Permitted Transfer:** a transfer of Shares made in accordance with Article 16;

**Permitted Transferee:** in relation to:

- (a) a Shareholder who is an individual, any of his Privileged Relations or the trustee(s) of a Family Trust;
- (b) a Shareholder which is an undertaking (as defined in section 1161(1) of the Act) any member of the same Group;
- (c) in relation to a Shareholder which is an investment fund, any member of the same fund group; and
- (d) in relation to a Shareholder which is a corporate entity:
  - (i) any member of the same group of companies;
  - (ii) any member of the same fund group;
  - (iii) any nominee of such corporate entity;
- (e) in relation to the Investor, Member A or any Member A Associate;

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

**Relevant Period:** means 36 months from the Adoption Date;

**Relevant Securities:** any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than:

- (a) the grant of any options under any share option scheme in place from time to time (and the issue of Shares on the exercise of any such options); and
- (b) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles and/or the Investment Agreement;

**Sale Shares:** has the meaning given in Article 17.2(a);

**Seller:** has the meaning given in Article 17.2;

**Series B Share:** means the Series B shares of £0.01 each in the capital of the Company which have the rights set out in the Articles;

**Series B Shareholder:** a holder for the time being of Series B Shares;

**Shareholder:** a holder for the time being of any Share or Shares;

**Share Option Scheme:** any share incentive scheme of the Company approved by the Directors;

**Shares:** the shares of any class in the capital of the Company;

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

**subsidiary:** in relation to a holding company wherever incorporated, means a "subsidiary" (as defined in section 1159 of the Act) for the time being and any other company which for the time being is itself a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company;

**Transfer Notice:** has the meaning given in Article 17.2;

**Transfer Price:** has the meaning given in Article 18; and

**writing or written:** the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise, save that, in relation to a Transfer Notice (or Deemed Transfer Notice), "writing" or "written" shall not include the sending or supply of notices, documents or information in electronic form (other than by fax).

- 1.2 Headings in these Articles shall not affect the interpretation of these Articles.
- 1.3 Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular.
- 1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.5 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date).
- 1.6 A reference in these Articles to:
  - (a) an **Article** is a reference to the relevant numbered Article of these Articles; and

(b) a **model Article** is a reference to the relevant Article,

unless expressly provided otherwise.

- 1.7 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.9 A reference in these Articles to a holder, or the holder(s), of Shares or any class of Shares as the case may be shall, in each case, be deemed to exclude any member holding Shares in treasury.
- 1.10 A reference to a holding company or a subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of:
- (a) another person (or its nominee), by way of security or in connection with the taking of security; or
  - (b) its nominee.

In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Act shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.

## **2. ADOPTION OF THE MODEL ARTICLES**

- 2.1 The Model Articles (together with those provisions of Schedule 3 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229) referred to in Article 24) shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the Articles of association of the Company to the exclusion of any other Articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.
- 2.2 Model Articles 7, 8, 9(1), 11(2) and (3), 12, 14(1) to (4) (inclusive), 16, 22, 26(5), 38, 39, 49, 50 and 51 to 53 (inclusive) shall not apply to the Company.

- 2.3 Model Article 29 shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under Article 28(2)," after the words "the transmittee's name".

## **DIRECTORS**

### **3. NUMBER OF DIRECTORS**

Unless otherwise determined by ordinary resolution, the minimum number of Directors shall be 1 but there shall be no maximum.

### **4. PROCEEDINGS OF DIRECTORS**

- 4.1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with Article 4.2 (subject to Article 4.3 and Article 4.4). All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made only by resolution and resolutions at any meeting of the Directors (or committee of the Directors) shall be decided by a majority of votes.
- 4.2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.3 A decision taken in accordance with Article 4.2 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 4.4 A decision may not be taken in accordance with Article 4.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with Article 4.6 and Article 4.7.
- 4.5 Meetings of the Directors shall take place at least 4 times in each year, with a period of not more than 14 weeks between any two meetings. Any Director may call a meeting of the Directors. At least 5 Business Days' advance notice of each such meeting shall be given to each Director unless all the Directors agree to shorter notice.
- 4.6 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be two Eligible Directors, which must include the Founder Director and the Investor Director (if appointed), unless the Founder Director is not, in respect of any particular meeting (or part of a meeting), an Eligible Director in which case, subject to Article 4.7, the quorum for such meeting (or part of the meeting, as the case may be) shall be any two Eligible Directors. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors determine.
- 4.7 For the purposes of any meeting (or part of a meeting) held pursuant to Article 7 to authorise a Conflict (as defined in Article 7.1), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.



- 4.8 Questions arising at any meeting of the Directors shall be decided by a majority of votes provided that the Founder Director shall have as many votes as all of the other directors plus one.
- 4.9 Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye.
- 4.10 The Directors may make any rule which they think fit about how they take decisions and about how such rules are to be recorded or communicated to Directors.

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

- 5.1 Model Article 17(1) shall be modified by the inclusion, at the end of that model Article, of the words "provided that the appointment does not cause the number of Directors to exceed the maximum number set out in Article 3.1 of these Articles".
- 5.2 Model Article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:
- (a) he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director; and
  - (b) save in the case of the Founder Director or the Investor Director, a majority of the other Directors resolve that he cease to be a Director.
- 5.3 The Founder may, for so long as she or her Permitted Transferees holds Shares and provided that she is not a Bad Leaver, at any time appoint one person to be a Director (**Founder Director**) and may remove such Director so appointed by her and may appoint another Director in his or her stead. The first such Founder Director appointed by the Founder shall be the Founder herself.
- 5.4 The Investor may, for so long as it or its Permitted Transferees hold not less than 5% of the Equity Shares, be entitled to appoint one person to be a Director (**Investor Director**) and may remove such Director so appointed by it and may appoint another Director in his or her stead. If the Investor has the right to appoint but has not so appointed an Investor Director, it shall instead be entitled to appoint one person to act as an observer to the Board and any committee of the Board established from time to time. The observer shall be entitled to attend and speak at all such meetings and receive copies of all board papers as if he were a Director but shall not be entitled to vote on any resolutions proposed at a Board or committee meeting.

## **6. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

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

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

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

## 7. DIRECTORS' CONFLICTS

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

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

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

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

7.6 A Director, notwithstanding his or her office, may be a Director or other officer of, employed by, or otherwise interested (including by the holding of shares) in his appointor(s) (or any Permitted Transferee of such appointor(s)) and no authorisation under Article 7.1 shall be necessary in respect of any such interest.

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

## 8. ALTERNATE DIRECTORS

8.1 Notwithstanding any provision of these Articles to the contrary, any person appointed as a Director (the **Appointor**) may appoint any Director or any other person as they think fit to be their alternate Director to:

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

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

8.3 The notice must:

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

8.4 An alternate Director may act as an alternate to more than one Director and has the same rights, in relation to any Directors' meeting (including as to notice) or Directors' written resolution, as each alternate's Appointor.

8.5 Except as these Articles specify otherwise, alternate Directors:

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

and, in particular (without limitation), each alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which their Appointor is a member.

8.6 A person who is an alternate Director but not a Director:

- (a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's Appointor is not participating); and
- (b) may sign a Directors' written resolution (but only if their Appointor is an Eligible Director in relation to that decision, but does not participate).

No alternate may be counted as more than one Director for such purposes.

- 8.7 A Director who is also an alternate Director is entitled, in the absence of their Appointor, to a separate vote on behalf of each Appointor, in addition to their own vote on any decision of the Directors (provided that their Appointor is an Eligible Director in relation to that decision).
- 8.8 An alternate Director is not entitled to receive any remuneration from the company for serving as an alternate Director, except such part of the alternate's Appointor's remuneration as the Appointor may direct by notice in writing made to the Company.
- 8.9 An alternate Director's appointment as an alternate shall terminate:
- (a) when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's Appointor, would result in the termination of the Appointor's appointment as a Director;
  - (c) on the death of the alternate's Appointor; or
  - (d) when the alternate's Appointor's appointment as a Director terminates.

## **SHARES AND DISTRIBUTIONS**

### **9. SHARES**

- 9.1 Unless the context requires otherwise, references in these Articles to Shares of a particular class shall include Shares created and/or issued after the Adoption Date and ranking *pari passu* in all respects (or in all respects except only as to the date from which those Shares rank for dividend) with the Shares of that relevant class then in issue.
- 9.2 Except as otherwise provided in these Articles, the Series B Shares, the Ordinary Shares and the 'A' Ordinary Shares shall rank *pari passu* in all respects (including for dividends) but shall constitute separate classes of shares.
- 9.3 Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:
- (a) £15,000; and
  - (b) the nominal value of 5% of the Company's fully paid share capital at the beginning of each financial year of the Company.
- 9.4 The provisions under Article 17 of these Articles relating to pre-emption rights on a share transfer, shall not apply to the provisions set out in Article 9.2.

## 10. DIVIDENDS

- 10.1 In respect of any Financial Year, the Available Profits of the Company shall be used to pay such dividends as the Company may determine to distribute.
- 10.2 Subject to Article 10.1 above, each dividend shall be distributed to the appropriate holders of Equity Shares (pari passu as if the Equity Shares constituted one class of share) pro rata according to the number of Equity Shares held by them respectively and shall accrue daily (assuming a 365 day year) as well after as before the commencement of a winding up. All dividends are expressed net and shall be paid in cash.

## 11. LIQUIDATION

- 11.1 On a return of assets on liquidation, dissolution or winding up, the surplus assets of the Company remaining after the payment of its liabilities (**Surplus Assets**) shall (to the extent that the Company is lawfully able to do so) be distributed amongst the holders of the Shares in the following order:

- (a) first, in paying to all Shareholders a sum equal to the aggregate amount paid up or credited as paid up on all Series B Shares (including the full amount of any premium at which such Series B Shares were issued whether or not such premium is applied for any purpose after that), plus 0.0001 times the aggregate number of Ordinary Shares and 'A' Ordinary Shares, such amount to be distributed as follows:

- (i) to the holders of Ordinary Shares and 'A' Ordinary Shares, £0.0001 in respect of each Share held by them; and
- (ii) as to the balance to the holders of Series B Shares pro rata according to the number of Series B Shares held (the average amount received per Series B Share being the **Series B Subscription Price**),

provided that Articles 11.1(a)(i) and 11.1(a)(ii) do not reflect an order of preference between the holders of Series B Shares and the holders of Ordinary Shares and 'A' Ordinary Shares, and provided also that if there are insufficient Surplus Assets to pay such amounts in full, all of the remaining Surplus Assets shall be distributed amongst the holders of the Shares pro rata to the amounts which such holders would otherwise have been entitled to receive under Article 11.1(a); and

- (b) second, in paying to all Shareholders a sum £X (where X is an amount equal to the Series B Subscription Price multiplied by the number of Ordinary Shares and 'A' Ordinary Shares in issue at the relevant time), plus 0.0001 times the aggregate number of Series B Shares such amount to be distributed as follows:

- (i) to the holders of Series B Shares, £0.0001 in respect of each Share held by them; and
- (ii) as to the balance to the holders of Ordinary Shares and 'A' Ordinary Shares pro rata according to the number of Shares held; and

provided that Articles 11.1(b)(i) and 11.1(b)(ii) do not reflect an order of preference between the holders of Series B Shares and the holders of Ordinary Shares and 'A' Ordinary Shares, and provided also that if there are insufficient Surplus Assets to pay such amounts in full, all of the remaining Surplus Assets shall be distributed amongst the holders of the Shares pro rata to the amounts which such holders would otherwise have been entitled to receive under Article 11.1(b); and

- (c) thereafter, in distributing the balance amongst all of the holders of the Shares as if the same constituted one class, pro-rata in proportion to the number of Shares held by them respectively.

## **12. EXIT PROVISIONS**

- 12.1 Subject to Article 12.2, on a Share Sale, the Exit Proceeds shall be distributed between the holders of Shares in the order of priority set out in Article 11.1.
- 12.2 The Directors shall not register any transfer of Shares pursuant to a Share Sale if the Exit Proceeds are not distributed in the manner set out in Article 11.1 provided that, if the Exit Proceeds are not settled in their entirety upon completion of the Share Sale:
  - (a) the Directors may register the transfer of the relevant Shares, provided that the Exit Proceeds due on the date of completion of the Share Sale have been distributed in the order set out in Article 11.1; and
  - (b) each Shareholder shall take any reasonable action (to the extent lawful and within its control) to ensure that the balance of the Exit Proceeds are distributed in the order of priority set out in Article 11.1.
- 12.3 On a Disposal, the surplus assets of the Company remaining after payment of its liabilities shall be distributed (to the extent that the Company is lawfully permitted to do so) in the order of priority set out in Article 11.1, provided always that if it is not lawful for the Company to distribute its surplus assets in accordance with the provisions of Article 11.1, each Shareholder shall (to the extent lawful) take all reasonable action required by the Directors to put the Company into voluntary liquidation so that Article 11 applies.
- 12.4 In the event of a Listing, the Shareholders shall procure that the proceeds of the sale of all or any of the Equity Shares pursuant to the Listing shall be allocated to the selling Equity Shareholders in the order of priority set out in Article 11.

## **13. VARIATION OF CLASS RIGHTS**

Whenever the share capital of the Company is divided into different classes of Shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 75% in nominal value of the issued Shares of that class. There shall be no variation to the Articles of association which would adversely affect the rights of the Series B Shareholders without having first obtained Investor Consent.

#### 14. PRE-EMPTION RIGHTS ON THE ISSUE OF FURTHER SHARES

- 14.1 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 14.2 Unless otherwise agreed by special resolution together with, for so long as the Investor holds not less than 5% of the voting share capital of the Company, Investor Consent, if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to all the Shareholders (on the date of the offer) (each an **Offeree**) and in the respective proportions that the number of Shares held by each such holder bears to the total number of Shares in issue at the relevant time (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person.
- 14.3 An offer made under Article 14.2 shall:
- (a) be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
  - (b) remain open for a period of at least 10 Business Days from the date of service of the offer; and
  - (c) stipulate that any Offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which he is entitled under Article 14.2 shall, in his acceptance, state the number of excess Relevant Securities (**Excess Securities**) for which he wishes to subscribe.
- 14.4 If, on the expiry of an offer made in accordance with Article 14.2, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the Directors shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.
- 14.5 Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with Article 14.2 shall be used to satisfy any requests for Excess Securities made pursuant to Article 14.3(c). If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Shares held by each such applicant bears to the total number of such Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him).
- 14.6 If, after completion of the allotments referred to in Article 14.4 and Article 14.5, not all of the Relevant Securities have been allotted, the balance of such Relevant Securities shall be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.



## 15. TRANSFERS OF SHARES: GENERAL

15.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal of a beneficial or other interest in that Share, or the creation of a trust or encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share and reference to a Share includes both a legal and a beneficial or other interest in a Share unless otherwise indicated, but it does not include, in situations where the Holder subscribed for or purchased the Share as nominee for one or more beneficial owners:

- (a) the transfer, assignment or other disposal of a beneficial or other interest in, or the creation of a trust or encumbrance over or the renunciation or assignment of any rights to receive or subscribe for a beneficial or other interest in, a Share provided that the nominee that holds a legal interest in such Share remains the same;
- (b) the transfer, assignment or other disposal of a legal interest in, or the creation of a trust or encumbrance over or the renunciation or assignment of any rights to receive or subscribe for a legal interest in, a Share from the nominee to any person who has a beneficial or other interest in that Share, provided that notice of such transfer is given to the Company; or
- (c) the transfer, assignment or other disposal of a legal interest in, or the creation of a trust or encumbrance over or the renunciation or assignment of any rights to receive or subscribe for a legal interest in, a Share from the nominee to any person who is to hold the Share as nominee for that beneficial owner in substitution for the then registered shareholder.

15.2 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to Article 15.6, the Directors shall register any duly stamped transfer made in accordance with these Articles, subject that the Directors may refuse to register a transfer if:

- (a) they suspect that the proposed transfer may be fraudulent;
- (b) it is a transfer of a Share to a bankrupt, a minor or a person of unsound mind;
- (c) the transfer is to an Employee, Director or prospective employee or Director of the Company, who in the opinion of the Board is subject to taxation in the United Kingdom, and such person has not entered in a joint section 431 ITEPA election with the Company;
- (d) it is a transfer of a Share:
  - (i) which is not fully paid;
  - (ii) to a person of whom the Directors, acting reasonably, do not approve or believe to be in competition with the business of the Company; or
  - (iii) on which Share the Company has a lien;

- (e) the transfer is not lodged at the registered office or at such other place as the Directors may appoint;
  - (f) the transfer is not accompanied by the certificate for the Shares to which it relates (or an indemnity for lost certificate in a form acceptable to the Board) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
  - (g) the transfer is in respect of more than one class of Shares;
  - (h) the transfer is in favour of more than four transferees; or
  - (i) these Articles otherwise provide that such transfer shall not be registered.
- 15.3 If the Directors refuse to register a transfer, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.
- 15.4 If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.
- 15.5 Any transfer of a Share by way of sale which is required to be made under Article 19, Article 20 or Article 21 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.
- 15.6 The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company agreeing to be bound by the terms of the Investment Agreement in such form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor). If any condition is imposed in accordance with this Article 15.6, the transfer may not be registered unless and until that deed has been executed and delivered to the Company's registered office by the transferee.
- 15.7 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may require:
- (a) any holder (or the legal representatives of a deceased holder); or
  - (b) any person named as a transferee in a transfer lodged for registration; or
  - (c) such other person as the Directors may reasonably believe to have information relevant to that purpose,
- to provide the Company with any information and evidence that the Directors think fit regarding any matter which they deem relevant to that purpose.
- 15.8 If any such information or evidence referred to in Article 15.7 is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or that as

a result of the information and evidence provided the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares of that fact in writing and, if the holder fails to remedy that situation to the reasonable satisfaction of the Directors) within 10 Business Days of receipt of such written notice, then:

- (a) the relevant Shares shall cease to confer on the holder of them any rights:
  - (i) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
  - (ii) to receive dividends or other distributions otherwise attaching to those Shares; or
  - (iii) to participate in any future issue of Shares issued in respect of those Shares; and
- (b) the Directors may, by notice in writing to the relevant holder, determine that a Transfer Notice shall be deemed to have been given in respect of some or all of his Shares with effect from the date of service of the notice (or such later date as may be specified in such notice).

The Directors may reinstate the rights referred to in Article 15.8(a) at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to Article 15.8(b) on completion of such transfer.

- 15.9 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice).
- 15.10 Any Transfer Notice (but not a Drag Along Notice (as defined in Article 20) or an Offer Notice (as defined in Article 21)) served in respect of the transfer of any Share which has not completed before the date of service of a Deemed Transfer Notice shall automatically be revoked by the service of a Deemed Transfer Notice.

## **16. PERMITTED TRANSFERS OF SHARES**

- 16.1 A Shareholder (who is not a Permitted Transferee) (the **Original Shareholder**) may transfer all or any of his or its Shares to a Permitted Transferee.
- 16.2 Shares previously transferred as permitted by Article 16.1 may be transferred by the transferee to any other Permitted Transferee of the Original Shareholder without restriction as to price or otherwise.
- 16.3 Where Shares are held by the trustee(s) of a Family Trust, the trustee(s) may transfer Shares to:

- (a) the Original Shareholder;
- (b) any Privileged Relation(s) of the Original Shareholder;
- (c) subject to Article 16.4, the trustee(s) of another Family Trust of which the Original Shareholder is the settlor; or
- (d) subject to Article 16.4, to the new (or remaining) trustee(s) upon a change of trustee(s) of a Family Trust,

without any price or other restriction.

16.4 A transfer of Shares may only be made to the trustee(s) of a Family Trust if the Directors are satisfied:

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

16.5 If the Original Shareholder is a company, and a Permitted Transfer has been made, the Permitted Transferee shall, within 20 Business Days of ceasing to be a member of the same group of companies as the Original Shareholder, transfer the Shares held by it to:

- (a) the Original Shareholder; or
- (b) a member of the same group of companies as the Original Shareholder,

(which in either case is not in liquidation), without any price or other restriction. If the Permitted Transferee fails to make a transfer in accordance with this Article 16.5, a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this Article 16.5.

16.6 If the Original Shareholder is an individual and a Permitted Transfer has been made to a Privileged Relation of the Original Shareholder, the Permitted Transferee (or the transmittee(s) of any such person), shall within 20 Business Days of ceasing to be a Privileged Relation of the Original Shareholder (whether by reason of death, divorce or otherwise) either:

- (a) execute and deliver to the Company a transfer of the Shares held by him to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or
- (b) give a Transfer Notice to the Company in accordance with Article 17,

failing which a Transfer Notice shall be deemed to have been given in respect of such Shares on the expiry of the period set out in this Article 16.6.

- 16.7 If a Permitted Transferee who was a member of the same fund group as the Original Shareholder ceases to be a member of the same fund group, the Permitted Transferee must not later than 5 Business Days after the date on which the Permitted Transferee so ceases, transfer all the Shares held by it to the Original Shareholder or a member of the same fund group as the Original Shareholder (which in either case is not in liquidation) without restriction as to price or otherwise failing which it will be deemed to give a Transfer Notice in respect of such Shares.
- 16.8 Notwithstanding any other provision of this Article 16, a transfer of any Shares approved by the Directors may be made without any price or other restriction and any such transfer shall be registered by the Directors.

## 17. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES

- 17.1 Except where the provisions of Article 16 (*Permitted transfers*), Article 20 (*Drag along*) or Article 21 (*Tag along*) apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this Article 17.
- 17.2 A Shareholder who wishes to transfer Shares (a **Seller**) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a **Transfer Notice**) to the Company specifying:
- (a) subject to Article 15.9, the number of Shares he wishes to transfer (**Sale Shares**);
  - (b) the name of the proposed transferee, if any; and
  - (c) the price per Sale Share (in cash) and terms of sale, if any, at which he wishes to transfer the Sale Shares (the **Proposed Sale Price**).
- 17.3 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 17.4 As soon as practicable following the later of:
- (a) receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and
  - (b) the determination of the Transfer Price,
- the Directors shall offer the Sale Shares for sale in the manner set out in the remaining provisions of this Article 17 at the Transfer Price and on the same terms. Each offer shall be in writing and shall give details of the number and Transfer Price and terms of sale of the Sale Shares offered.
- 17.5 The Directors shall offer the Sale Shares to all the Shareholders or persons in the priority set out in Article 17.6 (other than the Seller), inviting them to apply in writing within the period

from the date of the offer to the date 20 Business Days after the offer (both dates inclusive) (the **Offer Period**) for the maximum number of Sale Shares they wish to buy.

17.6 The Sale Shares shall be offered to the Shareholders (other than the Seller) on a pro rata basis.

17.7 If:

- (a) at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each Shareholder who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares of the class being offered held by all Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors). No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy;
- (b) not all Sale Shares are allocated following allocations in accordance with Article 17.7(a), but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in Article 17.7(a). The procedure set out in this Article 17.7(b) shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied; and
- (c) at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the Shareholders in accordance with their applications. The balance (the **Surplus Shares**) shall be offered to any other person in accordance with Article 17.11.

17.8 Where allocations have been made in respect of all the Sale Shares, the Directors shall, when no further offers or allocations are required to be made under Article 17.5 to Article 17.7, give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each Shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 10 Business Days, but not more than 30 Business Days, after the date of the Allocation Notice).

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

17.10 If the Seller fails to comply with Article 17.9:

- (a) the Chairman (or, failing him, any other Director or some other person nominated by a resolution of the Directors) may, as agent on behalf of the Seller:
  - (i) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
  - (ii) receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and
  - (iii) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and
- (b) the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate(s) for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Directors, in respect of any lost certificate, together with such other evidence (if any) as the Board may reasonably require to prove good title to those Shares) to the Company.

17.11 Where an Allocation Notice does not relate to all the Sale Shares, then, subject to Article 17.12, the Seller may, at any time during the 20 Business Days following the date of service of the Allocation Notice, transfer the remaining Sale Shares to any person at a price at least equal to the Transfer Price.

17.12 The Seller's right to transfer Shares under Article 17.11 does not apply if the Directors reasonably consider that:

- (a) the transferee is a person (or a nominee for a person) whom the Directors determine to be a competitor of the business of the Company;
- (b) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
- (c) the Seller has failed or refused to promptly provide information available to him and reasonably requested to enable it to form the opinion referred to in Article 17.12(b).

## 18. VALUATION

18.1 The **Transfer Price** for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Directors and the Seller or, in default of agreement within 5 Business Days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the board of Directors first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.

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

- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (c) that the Sale Shares are capable of being transferred without restriction;
- (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent; and
- (e) reflecting any other factors which the Independent Expert reasonably believes should be taken into account.

18.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.

18.4 The Directors will give the Independent Expert access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.

18.5 The parties shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.

18.6 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).

18.7 The Independent Expert shall be requested to determine the Fair Value within 20 Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.

18.8 The cost of obtaining the Independent Expert's certificate shall be borne by the parties in such other proportions as the Independent Expert directs unless in respect of a Deemed Transfer Notice, the Fair Value is less than the price per Sale Share offered to the Seller by the Directors before the appointment of the Independent Expert, in which case the Seller shall bear the cost.

## **19. COMPULSORY TRANSFERS**

19.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer notice in respect of that Share at such time as the Directors may determine.



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

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

If either requirement in this Article 19.2 shall not be fulfilled to the satisfaction of the Directors a Transfer Notice shall be deemed to have been given in respect of each such Share save to the extent that, the Directors may otherwise determine.

19.3 If a Shareholder which is a body corporate either suffers or resolves to appoint a liquidator, administrator or administrative receiver over it, or any material part of its assets (other than a voluntary liquidation for the purpose of a bona fide scheme of solvent amalgamation or reconstruction) or suffers or takes any equivalent action in any jurisdiction outside England and Wales, that Shareholder shall be deemed to have given a Transfer Notice in respect of all Shares held by it at such time as the Directors may determine and such Transfer Notice to include any Shares transferred by such Shareholder pursuant to the provisions of Article 16.

19.4 If a Shareholder is a body corporate and has suffered a change of Controlling Interest (but excluding in so far as it relates to the Investor where the Controlling Interest remains within a Member of the Same Group or a Member A Associate), he or it shall be deemed to have given a Transfer Notice in respect of all Shares held by it at such time as the Directors may determine.

19.5 Unless the Board with the consent of the Investor (but only for so long as the Investor or its Permitted Transferees hold not less than 5% of the Equity Shares) determine that this Article 19.5 shall not apply, if at any time during the Relevant Period the Founder ceases to be an Employee the Founder shall be deemed to have given a Transfer Notice in respect of all of the Founder's Shares on the Effective Termination Date.

19.6 In such circumstances the Transfer Price shall be as follows:

- (a) where the Founder ceases to be an Employee: (i) within 12 months from the Adoption Date; or (ii) by reason of being a Bad Leaver, the lower of Fair Value and the nominal value of the Founder's Shares; or
- (b) where the Founder ceases to be an Employee by reason of being a Good Leaver after 12 months from the Adoption Date:
  - (i) in respect of the Leaver's Percentage of the Founder's shares, the Fair Value;  
and
  - (ii) in respect of the balance of the Founder's Shares, the nominal value.

For the purposes of this Article, Fair Value shall be as agreed between the Board (with the consent of the Investor (but only for so long as the Investor or its Permitted Transferees hold not less than 5% of the Equity Shares)) and the Founder or failing agreement within five Business Days of seeking to agree such price, shall be as determined in accordance with Article 18.

*Suspension of voting rights*

- 19.7 All voting rights attached to Founder's Shares held by the Founder or by any Permitted Transferee of the Founder (the **Restricted Member**), if any, shall at the time she ceases to be an Employee be suspended unless the Board and the Investor notify her otherwise.
- 19.8 Any Founder's Shares whose voting rights are suspended pursuant to Article 19.7 (**Restricted Shares**) shall confer on the holders of Restricted Shares the right to receive a notice of and attend all general meetings of the Company but shall have no right to vote either in person or by proxy or to vote on any proposed written resolution. Voting rights suspended pursuant to Article 19.7 shall be automatically restored immediately prior to a Listing. If a Restricted Member transfers any Restricted Shares in accordance with these Articles all voting rights attached to the Restricted Shares so transferred shall upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of members) automatically be restored.

**20. DRAG ALONG**

- 20.1 Subject to Article 20.13, if the holders of more than 50% of the Equity Shares in issue for the time being (including the Founder) (the **Selling Shareholders**), wish to transfer all of their interests in Shares (**Sellers' Shares**) to a bona fide purchaser on arm's-length terms (**Proposed Buyer**), the Selling Shareholders shall have the option (**Drag Along Option**) to require all the other holders of Shares on the date of the request, if any (**Called Shareholders**) to sell and transfer all their interest in Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this Article 20.
- 20.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a **Drag Along Notice**), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their Shares (**Called Shares**) pursuant to this Article 20;
  - (b) the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
  - (c) the consideration payable for the Called Shares calculated in accordance with Article 20.4; and
  - (d) the proposed date of completion of transfer of the Called Shares.

- 20.3 Once given, a Drag Along Notice may not be revoked save with the prior consent of the Directors. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 60 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 20.4 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 Proposed Buyer were distributed to the holders of the Called Shares and the Sellers' Shares in accordance with the provisions of Article 12.1.
- 20.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 20.
- 20.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless all of the Called Shareholders and the Selling Shareholders otherwise agree.
- 20.7 Within 10 Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders (or such later date as may be specified in the Drag Along Notice) (**Drag Completion Date**), the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the Drag Completion Date the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to Article 20.4 to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due pursuant to Article 20.4 shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 20.4 in trust for the Called Shareholders without any obligation to pay interest.
- 20.8 To the extent that the Proposed Buyer has not, on the Drag Completion Date, put the Company in funds to pay the amounts due pursuant to Article 20.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this Article 20 in respect of their Shares.
- 20.9 If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of Shares under this Article 20.

- 20.10 Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, Shares, whether or not pursuant to the Share Option Scheme (a **New Shareholder**), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this Article 20 shall apply *mutatis mutandis* to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares. References in this Article 20.10 to a person becoming a Shareholder (or increasing an existing shareholding) shall include the Company, in respect of the acquisition of any of its own Shares.
- 20.11 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of Article 17.
- 20.12 Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

#### Right of First Refusal

- 20.13 Prior to serving a Drag Along Notice on the Called Shareholders in accordance with Article 20.2, the Selling Shareholders shall first service a written notice on the Investor (**ROFR Notice**) specifying:
- (a) the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
  - (b) the consideration payable for the Called Shares calculated in accordance with Article 20.4 (**Proposed Transfer Price**); and
  - (c) the proposed date of completion of transfer of the Called Shares.

Such ROFR Notice shall constitute an offer of the Sellers' Shares at the Proposed Transfer Price to the Investor, or to its nominee, or in priority thereto, to Member A or a Member A Associate (if notice of the same has been received by the Company from Member A, a Member A Associate (or anyone on their behalf) and/or from the Investor (or on its behalf)) (**ROFR Buyer**) inviting it to apply in writing within the period from the date of the offer to the date 20 Business Days after the offer (inclusive) (the **ROFR Offer Period**).

- 20.14 If within the ROFR Offer Period, the ROFR Buyer has by notice to the Company agreed to purchase the Sellers Shares, the Board shall issue a notice (**ROFR Allocation Notice**) to the ROFR Buyer and to the Selling Shareholders. IF the ROFR Buyer fails to serve a notice agreeing to purchase the Sellers Shares within the ROFR Offer Period, the Selling Shareholders may serve a Drag Along Notice in accordance with Article 20.2.

20.15 Upon issuance of an ROFR Allocation Notice, the ROFR Buyer shall purchase the Sellers Shares and each of the Selling Shareholders must deliver to the Company within 10 Business Days of the ROFR Allocation Notice:

- (a) duly executed transfers of the Proposed Sale Shares registered in its name in favour of the ROFR Buyer (or as the ROFR Buyer directs); and
- (b) the relevant share certificate(s) in respect of those Proposed Sale Shares (or an indemnity in a form reasonably satisfactory to the Directors for any lost certificates).

If the Selling Shareholders fail to comply with the provisions of this Article 20.15, the provisions of Articles 20.4 to 20.12 (inclusive) shall apply mutatis mutandis.

## 21. TAG ALONG

21.1 Except in the case of a Permitted Transfer, the provisions of Article 21.2 to Article 21.5 shall apply if, in one or a series of related transactions, one or more Sellers propose to transfer any of the Shares (**Proposed Transfer**) which would, if carried out, result in any person (including an ROFR Buyer) (**Buyer**), and any person acting in concert with the Buyer, acquiring a Controlling Interest in the Company.

21.2 Before making a Proposed Transfer, a Seller shall procure that the Buyer makes an offer (**Offer**) to:

- (a) the other Shareholders to purchase all of the Shares held by them; and
- (b) the holders of any securities of the Company that are convertible into Shares (**Convertible Securities**), to purchase any Shares arising from the conversion of such Convertible Securities at any time before the Proposed Transfer,

for a consideration in cash per Share that is at least equal to the highest price per Share offered or paid by the Buyer, or any person acting in concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the 6 months preceding the date of the Proposed Transfer (**Specified Price**).

21.3 The Offer shall be made by written notice (**Offer Notice**), at least 20 Business Days before the proposed sale date (**Sale Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out:

- (a) the identity of the Buyer;
- (b) the Specified Price and other terms and conditions of payment;
- (c) the Sale Date; and
- (d) the number of Shares proposed to be purchased by the Buyer (**Offer Shares**).

21.4 If the Buyer fails to make the Offer to all of the persons listed in Article 21.2 in accordance with Article 21.2 and Article 21.3, the Seller(s) shall not be entitled to complete the Proposed

Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.

- 21.5 If the Offer is accepted by any Shareholder (**Accepting Shareholder**) in writing within 20 Business Days of receipt of the Offer Notice, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.
- 21.6 The Offer shall complete the purchase of all Shares for which the Offer is accepted at the same time as the purchase of the *Proposing Transferor's* Shares.

## **DECISION-MAKING BY SHAREHOLDERS**

### **22. GENERAL MEETINGS**

- 22.1 No business other than, subject to Article 22.2, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 22.2 The Chairman shall chair general meetings. If there is no Chairman in office for the time being, or the Chairman is unable to attend any general meeting, the Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

### **23. VOTING**

- 23.1 The Series B Shareholders and the Ordinary Shareholders shall (in that capacity) be entitled to receive notice of, and to attend, speak and vote at, general meetings of the Company and to vote on any written resolution of the Shareholders. The 'A' Ordinary Shareholders shall not be entitled to receive notice of or attend, speak or vote at any general meetings of the Company nor vote on any written resolutions of the Shareholders.
- 23.2 Upon any resolution proposed at a general meeting of the Company on a show of hands and on a poll every Series B Shareholder and/or Ordinary Shareholder who is present in person or by proxy shall have one vote in respect of each Series B Share and/or Ordinary Share registered in his name, and on a vote on a written resolution of the Shareholders every Series B Shareholder and/or Ordinary Shareholder shall have one vote in respect of each Series B Share and/or Ordinary Share registered in his name.
- 23.3 Model Article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that model Article.
- 23.4 Model Article 45(1) shall be amended by:
- (a) the deletion of model Article 45(1)(d) and its replacement with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is

to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"; and

- (b) the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that model Article.

## **24. COMPANY'S LIEN OVER SHARES**

24.1 The Company has a lien (the **Company's Lien**) over every Share which is registered in the name of a person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.

24.2 The Company's Lien over a share:

- (a) takes priority over any third party's interest in that Share; and
- (b) extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share.

24.3 The Directors may at any time decide that a Share which is or would otherwise be subject to the Company's Lien shall not be subject to it, either wholly or in part.

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

25.1 Subject to the provisions of this Article 25, if:

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

the Company may sell that Share in such manner as the Directors decide.

25.2 A Lien Enforcement Notice:

- (a) may only be given in respect of a Share which is subject to the Company's Lien and in respect of a sum payable to the Company for which the due date for payment has passed;
- (b) must specify the Share concerned;
- (c) must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- (d) must be addressed either to the holder of the Share or to a transmittee of that holder; and

- (e) must state the Company's intention to sell the Share if the notice is not complied with.

**25.3 Where Shares are sold under this Article 25:**

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

**25.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the Company's Lien) must be applied:**

- (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and
- (b) second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the Shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.

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

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

## **ADMINISTRATIVE ARRANGEMENTS**

**26. MEANS OF COMMUNICATION TO BE USED**

**26.1 Any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:**

- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- (b) if sent by pre-paid first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or
- (c) if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or



- (d) if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
- (e) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
- (f) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
- (g) if deemed receipt under the previous paragraphs of this Article 26.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this Article, all references to time are to local time in the place of deemed receipt.

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

- (a) if delivered by hand or by reputable international overnight courier, the notice was delivered to the correct address; or
- (b) if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- (c) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

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

## **27. INDEMNITY AND INSURANCE**

27.1 Subject to Article 27.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:

- (a) each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer in the actual or purported execution and/or discharge of his duties, or in relation thereto including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs; and

- (b) the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in Article 27.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.
- 27.2 This Article 27 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 27.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.
- 27.4 In this Article 27:
  - (a) **Relevant Loss** means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company or any pension fund or employees' share scheme of the Company; and
  - (b) **Relevant Officer** means any director or other officer or former director or other officer of the Company, but excluding in each case any person engaged by the Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor.

## **28. DATA PROTECTION**

- 28.1 Each of the Shareholders and Directors (from time to time) acknowledges that the Company, its Shareholders and Directors (each a **Recipient**) may process his personal data for the purposes of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information amongst themselves. A Recipient may process such personal data either electronically or manually.
- 28.2 The personal data that may be processed for such purposes under this Article 28 shall include any information which may have a bearing on the prudence or commercial merits of investing in, or disposing of any Shares (or other investment or security) in, the Company. Save as required by law, court order or any regulatory authority, that personal data shall not be disclosed by a Recipient or any other person, except to:
  - (a) a member of the same group of companies as the Recipient (each a **Recipient Group Company**);
  - (b) employees, directors and professional advisers of that Recipient or any Recipient Group Company; and
  - (c) funds managed by any of the Recipient Group Companies.