



The Companies Act 2006  
Company limited by shares

# New Articles of Association

of

## Sample Limited

(Adopted by a special resolution passed on Date TBC)



## 1. Introduction

- 1.1 The model articles for private companies limited by shares contained or incorporated in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229), as amended prior to the date of adoption of these articles (the **Model Articles**), will apply to the Company, save insofar as they are varied or excluded by, or are inconsistent with, the following Articles.
- 1.2 In these Articles and the Model Articles, any reference to any statutory provision will be deemed to include a reference to each and every statutory amendment, modification, re-enactment and extension thereof for the time being in force.
- 1.3 In these Articles:
- (a) article headings are used for convenience only and will not affect the construction or interpretation of these Articles;
  - (b) words denoting the singular include the plural and vice versa, and reference to one gender includes the other gender and neuter and vice versa; and
  - (c) Articles 8(2), 9(4), 10(3), 11(2), 13, 14, 17(2), 17(3), 19, 21, 26(5), 27, 28, 29, 44(4), 51, 52 and 53 of the Model Articles will not apply to the Company.

## 2. Definitions

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

**Accountants** means the accountants of the Company from time to time;

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

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

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

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

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

(c) any Member of the same Fund Group;

**Bad Leaver** means a person other than a Very Bad Leaver who ceases to be an Employee at any time as a consequence of that person's dismissal as an Employee for cause, where cause means the lawful termination of that person's contract of employment or consultancy without notice or payment in lieu of notice in accordance with such person's contract of employment or consultancy, in circumstances which do not constitute unfair dismissal (otherwise than by reason only of any procedural defect) or wrongful dismissal or who was treated as a Voluntary Leaver or a Good Leaver but either (i) it is subsequently discovered that the Group Company concerned would have been entitled to terminate the employment of the Employee concerned for cause (as defined above) or (ii) is found to be in breach of any restrictive covenant binding on the Employee concerned after cessation of his employment under the terms of the Subscription and Shareholders' Agreement or such Employee's contract of employment or consultancy;

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

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

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

**Commencement Date** means the date on which the employment or consultancy of the relevant Employee with the Company or any member of the Group commenced;

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

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

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

**Deferred Conversion Date** means the date that Employee Shares convert into Deferred Shares pursuant to Article 12.1;

**Deferred Shares** means deferred shares of £1.00 each in the capital of the Company, from time to time;

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

**Drag Document** has the meaning given in Article 14.6;

**Effective Termination Date** means the date on which the Employee's employment or consultancy terminates;

**electronic means** has the same meaning as in section 1168 of the Act;

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

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

**Employee Shares** in relation to an Employee, means all Shares held by:

- (a) the Employee in question; and
- (b) any Permitted Transferee of that Employee, other than those Shares held by those persons that the Board and an Investor Majority declares itself satisfied were not acquired directly or indirectly from the Employee, or by reason of that person's relationship with the Employee;

**Encumbrance** means any mortgage, charge, security, interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including without limitation any retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected, other than liens arising by operation of law);

**Equity Securities** has the meaning given in sections 560(1) to (3) inclusive of the Act;

**Equity Shares** means all Shares except the Deferred Shares;

**Expert Valuer** is as determined in accordance with Article 10.2;

**Fair Value** is as determined in accordance with Article 10;

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

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

**Good Leaver** means a person who ceases to be an Employee at any time in circumstances where he is not a Voluntary Leaver, a Bad Leaver or a Very Bad Leaver;

**Group** means the Company and its Subsidiaries (if any) from time to time, and **Group Company** will be construed accordingly;

**Investor Directors** means such directors (if any) of the Company nominated by the Investors under the Subscription and Shareholders' Agreement;

**Investor Majority** means the holders of more than 50 per cent of the Investor Shares

from time to time;

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

**Investors** has the meaning given in the Subscription and Shareholders' Agreement;

**Investor Shares** means all Shares in issue and held by an Investor, from time to time;

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

**Leaver Balance** means, in relation to a Good Leaver, a Bad Leaver or a Voluntary Leaver, such number of Equity Shares as are held by the employee in question and his Permitted Transferee(s) as is not represented by the applicable Leaver's Percentage;

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

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

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

**New Securities** means any shares or other securities convertible into, or carrying the right to subscribe for, Shares issued by the Company after the Date of Adoption (other than shares or securities issued as a result of the events set out in Article 6.6);

**Offer** has the meaning set out in Article 13.2;

**Offer Period** has the meaning set out in Article 13.3;

**Original Shareholder** has the meaning set out in Article 8.1;

**Permitted Transfer** means a transfer of Shares in accordance with Article 8;

**Permitted Transferee** means:

- (a) in relation to a Shareholder who is an individual, any of his Privileged Relations or Trustees;

- (b) in relation to a Shareholder which is an undertaking (as defined in section 1161(1) of the Act), any Member of the same Group;
- (c) in relation to a Shareholder which is an Investment Fund, any Member of the same Fund Group; and
- (d) in relation to an Investor:
  - (i) any Member of the same Group of that Investor;
  - (ii) any Member of the same Fund Group; and
  - (iii) any nominee of that Investor;

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

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

**Proposed Sale Date** has the meaning given in Article 13.3;

**Proposed Sale Notice** has the meaning given in Article 13.3;

**Proposed Sale Shares** has the meaning given in Article 13.3;

**Proposed Seller** means any person proposing to transfer any Shares;

**Proposed Transfer** has the meaning given in Article 13.1;

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

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

**Relevant Interest** has the meaning set out in Article 20.5;

**Restricted Shares** has the meaning set out in Article 12.8;

**Sale Shares** has the meaning set out in Article 9.2(a);

**Seller** has the meaning set out in Article 9.2;

**Shareholder** means any holder of Shares;

**Share Option Plan(s)** means any share option plan(s) of the Company, the terms of which have been approved by an Investor Majority;

**Shares** means shares in the capital of the Company from time to time, or any class or classes of them as the context requires;

**Subscription and Shareholders' Agreement** means the subscription and shareholders' agreement dated on or around the Date of Adoption between, amongst others, the Company and the Investors;

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

**Transfer Notice** will have the meaning given in Article 9.2;

**Transfer Price** will have the meaning given in Article 9.2;

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

**Unvested** means those Employee Shares which may be required to be converted into Deferred Shares, or to be transferred, under Article 12;

**Very Bad Leaver** means a person who ceases to be an Employee at any time as a consequence of that person's dismissal as an Employee for fraud or for any criminal act in relation to any Group Company involving dishonesty; and

**Voluntary Leaver** means a person (who is not a Bad Leaver or is subsequently found to have been or become a Bad Leaver or a Very Bad Leaver) who ceases to be an Employee at any time in circumstances arising from such person's resignation as an Employee, except in circumstances which constitute a constructive, wrongful and/or unfair dismissal (save in the case that unfair dismissal is as a result only of a procedural defect).

### 3. Share capital

- 3.1 Subject to Investor Majority Consent and the Act, the Company may purchase its own Shares to the extent permitted by section 692(1ZA) of the Act.
- 3.2 Paragraph (c) of article 24(2) of the Model Articles will be amended by the replacement of the words "that the shares are fully paid;" with the words "the amount paid up on them".
- 3.3 The Company will be entitled to retain any share certificate(s) relating to Employee Shares while any such Shares remain Unvested.
- 3.4 Any special rights attached to any class of Equity Shares 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 51% in nominal value of the issued Shares of that class.

### 4. Voting and dividend rights

- 4.1 The Ordinary shares will confer on each holder thereof the right to receive notice of and to attend, speak and vote at all general meetings of the Company, and to receive and vote on proposed written resolutions of the Company.

- 4.2 Any other class of Share will not entitle the holders of them to receive notice of, to attend, to speak or to vote at any general meeting of the Company, nor to receive or vote on, or otherwise constitute an eligible member for the purposes of, proposed written resolutions of the Company.
- 4.3 Where Shares confer a right to vote, on a show of hands each holder of such Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy will have one vote, and on a poll each such holder so present will have one vote for each such Share held by him.
- 4.4 No voting rights attached to a Share which is nil paid or partly paid may be exercised:
- (a) at any general meeting, at any adjournment of it or at any poll called at or in relation to it; or
  - (b) on any proposed written resolution,
- unless all of the amounts payable to the Company in respect of that share have been paid.
- 4.5 The Ordinary shares will confer on each holder thereof the right to receive dividends. No other class of Share shall have this right.

## **5. Deferred Shares**

- 5.1 Subject to the Act, any Deferred Shares may be purchased by the Company at any time at its option for the aggregate sum of one penny for all the Deferred Shares registered in the name of any holder(s), without obtaining the sanction of the holder(s).
- 5.2 The allotment or issue of Deferred Shares, or the conversion or re-designation of Equity Shares into Deferred Shares, will be deemed to confer irrevocable authority on the Company at any time after their allotment, issue, conversion or re-designation, without obtaining the sanction of such holder(s), to:
- (a) appoint any person to execute any transfer (or any agreement to transfer) of such Deferred Shares to such person(s) as the Company may determine (as nominee or custodian thereof, or otherwise), including (subject to the Act) to the Company itself, in any such case for a price being not more than an aggregate sum of one penny for all the Deferred Shares registered in the name of such holder(s); and/or
  - (b) receive the consideration for such a transfer or purchase (and give a good discharge for it) and hold the same on trust for the transferor(s); and/or
  - (c) give, on behalf of such holder(s), consent to the cancellation of such Deferred Shares; and/or
  - (d) retain the certificate(s) (if any) in respect of such Deferred Shares pending the



transfer, cancellation and/or purchase thereof.

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

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

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

6.2 If the Company proposes to allot any New Securities, those New Securities will not be allotted to any person unless the Company has in the first instance offered them to all holders of Equity Shares (excluding any holder of Restricted Shares, any breaching Shareholder pursuant to Article 7.7 and their respective Permitted Transferees) (the **Subscribers**) on the same terms and at the same price as those New Securities are being offered to other persons, on a pari passu and pro rata basis to the number of Equity Shares held by those holders (as nearly as may be, without involving fractions). The offer:

- (a) will be in writing, be open for acceptance from the date of the offer to the date 10 Business Days after the date of the offer (inclusive) (the **Subscription Period**) and give details of the number and subscription price of the New Securities; and
- (b) may stipulate that any Subscriber who wishes to subscribe for a number of New Securities in excess of the proportion to which they are entitled will in their acceptance state the number of excess New Securities for which they wish to subscribe.

6.3 If, at the end of the Subscription Period, the number of New Securities applied for is equal to or exceeds the number of New Securities, the New Securities will be allotted to the Subscribers who have applied for New Securities on a pro rata basis to the number of Equity Shares held by such Subscribers, which procedure will be repeated until all New Securities have been allotted (as nearly as may be without involving fractions, or increasing the number allotted to any Subscriber beyond that applied for by him).

6.4 If, at the end of the Subscription Period, the number of New Securities applied for is less than the number of New Securities, the New Securities will be allotted to the Subscribers in accordance with their applications and any remaining New Securities will be offered to any other person as the Directors (with Investor Majority Consent) may determine, at the same price and on the same terms as the offer to the Subscribers.

6.5 Subject to the requirements of Articles 6.2 to 6.4 (inclusive) and to the provisions of section 551 of the Act, any New Securities will be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper, provided that the allotment or grant to that person must be approved in writing by an Investor Majority.

6.6 The provisions of Articles 6.2 to 6.5 (inclusive) will not apply to:

- (a) options to subscribe for Shares under a Share Option Plan; or
- (b) New Securities which the Board and an Investor Majority have agreed in writing should be issued without complying with the procedure set out in this Article 6.

6.7 No Shares will be allotted to any Employee, Director, prospective Employee or prospective Director who in the opinion of the Board is subject to taxation in the United Kingdom, unless such person has entered into a joint section 431 ITEPA election with the Company if so required by the Board.

## **7. Transfers of Shares - general**

7.1 In Articles 7 to 14 (inclusive), any reference to the transfer of a Share includes the transfer or assignment of a beneficial or other interest in that Share, or the creation of a trust or Encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share.

7.2 No Share may be transferred unless the transfer is made in accordance with these Articles.

7.3 If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles, it will be deemed immediately to have served a Transfer Notice in respect of all Shares held by it.

7.4 Any transfer of a Share by way of sale which is required to be made under Articles 9 to 14 (inclusive) will be deemed to include a warranty that the transferor sells with full title guarantee.

7.5 The Directors may refuse to register a transfer if:

- (a) it is a transfer of a Share to a bankrupt, a minor or a person of unsound mind;
- (b) the transfer is to an Employee, Director or prospective Employee or prospective Director, who in the opinion of the Board is subject to taxation in the United Kingdom, and such person has not entered into a joint section 431 ITEPA election with the Company;
- (c) it is a transfer of a Share which is not fully paid:
  - (i) to a person of whom the Directors do not approve; or
  - (ii) on which Share the Company has a lien;
- (d) the transfer is not lodged at the Company's registered office, or at such other

place as the Directors may appoint;

- (e) the transfer is not accompanied by the certificate(s) for the Shares to which it relates (or an indemnity for any lost certificate(s) in a form acceptable to the Board), and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (f) the transfer is in favour of more than four transferees; or
- (g) these Articles otherwise provide that such transfer will not be registered.

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.

7.6 The Directors may, as a condition to the registration of any transfer of Shares (whether pursuant to a Permitted Transfer or otherwise), require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement or similar document in force between some or all of the Shareholders and the Company, in any form as the Directors may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document), and if any condition is imposed in accordance with this Article 7.6 the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.

7.7 To enable the Directors to determine whether or not there has been any disposal of Shares (or any interest in Shares) in breach of these Articles, the Directors may require any holder, or the legal personal representatives of any deceased holder, or any person named as transferee in any transfer lodged for registration, or any other person who the Directors may reasonably believe to have information relevant to that purpose, to furnish to the Company such information and evidence the Directors may request regarding any matter which they deem relevant to that purpose, including (but not limited to) the names, addresses and interests of all persons respectively having interests in the Shares from time to time registered in the holder's name. If the information or evidence is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or where as a result of the information and evidence the Directors are reasonably satisfied that a breach has occurred, the Directors will immediately notify the holder of such Shares in writing of that fact and the following will occur:

- (a) the relevant Shares will cease to confer upon the holder of them (including any proxy appointed by the holder) any rights to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting or on a written resolution of the Company, or at any separate meeting or written resolution of the class in question) provided that, at the election of the relevant Investor, such rights will not cease if as a result of such cessation the Company will become a Subsidiary Undertaking of an Investor; or
- (b) the withholding of payment of all dividends or other distributions otherwise attaching to the relevant Shares, or to any further Shares issued in respect of

those Shares; and

- (c) the holder may be required at any time following receipt of the notice to transfer some or all of its Shares to any person(s), at the price that the Directors (with Investor Majority Consent) may require by notice in writing to that holder.

The rights referred to in (a) and (b) above may be reinstated by the Board, with Investor Majority Consent, and will in any event be reinstated upon the completion of any transfer referred to in (c) above.

7.8 In any case where the Board requires a Transfer Notice to be given in respect of any Shares, if a Transfer Notice is not duly given within a period of 10 Business Days of demand being made, a Transfer Notice will be deemed to have been given at the expiration of that period.

7.9 If a Transfer Notice is required to be given by the Board or is deemed to have been given under these Articles, the Transfer Notice, unless otherwise specified in the Articles, will be treated as having specified that:

- (a) the Transfer Price for the Sale Shares will be as agreed between the Board (with Investor Majority Consent) (any Director who is a Seller or with whom the Seller is connected (within the meaning of section 252 of the Act) not voting) and the Seller, or, failing agreement within five Business Days after the date on which the Board becomes aware that a Transfer Notice has been deemed to have been given, will be the Fair Value of the Sale Shares;
- (b) it does not include a Minimum Transfer Condition (as defined in Article 9.2(d)); and
- (c) the Seller wishes to transfer all of the Shares held by it.

7.10 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of:

- (a) the transferor; and
- (b) (if any of the Shares is partly or nil paid) the transferee.

## 8. Permitted Transfers

8.1 A Shareholder (who is not a Permitted Transferee) (the **Original Shareholder**) may transfer all or any of his or its Shares to a Permitted Transferee without restriction as to price or otherwise, save that no Restricted Shares or Shares affected by Article 7.7 will be transferred to a Permitted Transferee without Board approval and Investor Majority Consent.

8.2 Shares previously transferred as permitted by Article 8.1 may be transferred by the transferee to the Original Shareholder or to any other Permitted Transferee of the

Original Shareholder, without restriction as to price or otherwise.

- 8.3 Where, under the provision of a deceased Shareholder's will or laws as to intestacy, the person(s) legally or beneficially entitled to any Shares, whether immediately or contingently, are Permitted Transferees of the deceased Shareholder, the legal representative(s) of the deceased Shareholder may transfer any Share to those Permitted Transferees, in each case without restriction as to price or otherwise.
- 8.4 If a Permitted Transferee who was a Member of the same Group as the Original Shareholder ceases to be a Member of the same Group as the Original Shareholder, the Permitted Transferee must, not later than five Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or a Member of the same Group as the Original Shareholder (which in either case is not in liquidation) without restriction as to price or otherwise, failing which it will be deemed to have given a Transfer Notice in respect of those Shares.
- 8.5 If a Permitted Transferee who was a Member of the same Fund Group as the Original Shareholder ceases to be a Member of the same Fund Group, the Permitted Transferee must not later than five Business Days after the date on which the Permitted Transferee so ceases, transfer the Shares held by it to the Original Shareholder or a Member of the same Fund Group as the Original Shareholder (which in either case is not in liquidation) without restriction as to price or otherwise, failing which it will be deemed to give a Transfer Notice in respect of such Shares.
- 8.6 Trustees may (i) transfer Shares to a Qualifying Company, or (ii) transfer Shares to the Original Shareholder or to another Permitted Transferee of the Original Shareholder, or (iii) transfer Shares to the new or remaining trustees upon a change of Trustees without restriction as to price or otherwise.
- 8.7 No transfer of Shares may be made to Trustees unless the Board is satisfied:
- (a) with the terms of the trust instrument and, in particular, with the powers of the trustees;
  - (b) with the identity of the proposed trustees;
  - (c) that the proposed transfer will not result in 50 per cent or more of the aggregate of the Company's equity share capital being held by trustees of that and any other trusts; and
  - (d) 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.
- 8.8 If a Permitted Transferee who is a Qualifying Company of the Original Shareholder ceases to be a Qualifying Company of the Original Shareholder, it must within five Business Days of so ceasing transfer the Shares held by it to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) (and may do so without

restriction as to price or otherwise), failing which it will be deemed (unless it obtains the approval of the Board, with Investor Majority Consent) to have given a Transfer Notice in respect of such Shares.

- 8.9 If a Permitted Transferee who is a spouse or Civil Partner of the Original Shareholder ceases to be a spouse or Civil Partner of the Original Shareholder, whether by reason of divorce or otherwise, he must within 15 Business Days of so ceasing either:
- (a) execute and deliver to the Company a transfer of the Shares held by him to the Original Shareholder (or to any Permitted Transferee of the Original Shareholder) for such consideration as may be agreed between them; or
  - (b) give a Transfer Notice to the Company in accordance with Article 9.2,
- failing which he will be deemed to have given a Transfer Notice.
- 8.10 On the death (subject to Article 8.3), bankruptcy, liquidation, administration or administrative receivership of a Permitted Transferee (other than a joint holder), his personal representatives or trustee(s) in bankruptcy, or (as applicable) its liquidator, administrator or administrative receiver must, within five Business Days after the date of the grant of probate, the making of the bankruptcy order, or the appointment of the liquidator, administrator or the administrative receiver, execute and deliver to the Company a transfer of the Shares held by the Permitted Transferee, without restriction as to price or otherwise. The transfer will be to the Original Shareholder if still living (and not bankrupt or in liquidation) or, if so directed by the Original Shareholder, to any Permitted Transferee of the Original Shareholder. If the transfer is not executed and delivered within five Business Days of such period, or if the Original Shareholder has died or is bankrupt or is in liquidation, administration or administrative receivership, the personal representative or trustee in bankruptcy or liquidator, administrator or administrative receiver will be deemed to have given a Transfer Notice.
- 8.11 A transfer of any Shares approved by the Board and the Investor Majority may be made without restriction as to price or otherwise, and with any such conditions as may be imposed, and each such transfer will be registered by the Directors.

## 9. Transfer of Shares subject to pre-emption rights

- 9.1 Save where the provisions of Articles 8, 13 and 14 apply, any transfer of Shares by a Shareholder will be subject to the pre-emption rights contained in this Article 9.
- 9.2 A Shareholder who wishes to transfer Shares (a **Seller**) will, except as otherwise provided in these Articles, before transferring or agreeing to transfer any Shares give notice in writing (a **Transfer Notice**) to the Company, specifying:
- (a) the number of Shares which he wishes to transfer (the **Sale Shares**);

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

If no cash price is specified by the Seller, the price at which the Sale Shares are to be transferred (the **Transfer Price**) must be agreed by the Board (with Investor Majority Consent). In addition, if the price is not specified in cash, an equivalent cash value price must be agreed between the Seller and the Board (with Investor Majority Consent). In both cases, the price will be deemed to be the Fair Value of the Sale Shares if no price is agreed within 10 Business Days of the Company receiving the Transfer Notice.

9.3 Except with Board approval (with Investor Majority Consent) or as otherwise specified in these Articles, no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn.

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

9.5 As soon as practicable following the later of:

- (a) receipt of a Transfer Notice; and
- (b) in a case where the Transfer Price has not been agreed, the determination of the Transfer Price under Article 10,

the Board will offer the Sale Shares for sale to the Shareholders in the manner set out in Article 9.6. Each offer must be in writing and give details of the number and Transfer Price of the Sale Shares offered.

9.6 Transfers: Offer

- (a) The Board will offer the Sale Shares to all holders of Equity Shares other than the Seller, any holder of Restricted Shares, any holder of Shares restricted pursuant to Article 7.7 and the respective Permitted Transferees of all such persons (the **Continuing Shareholders**), inviting them to apply in writing within the period from the date of the offer to the date 15 Business Days after the offer (inclusive) (the **Offer Period**) for the maximum number of Sale Shares they wish to buy.
- (b) If the Sale Shares are subject to a Minimum Transfer Condition, then any allocation made under this Article 9.6 will be conditional on the fulfilment of the Minimum Transfer Condition.
- (c) If, 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 Board will allocate the Sale

Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion (fractional entitlements being rounded to the nearest whole number) which his existing holding of Equity Shares bears to the total number of Equity Shares held by those Continuing Shareholders who have applied for Sale Shares, which procedure will be repeated until all Sale Shares have been allocated, but no allocation will be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.

- (d) If, at the end of the Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares, the Board will (subject to Article 9.2(d)) allocate the Sale Shares to the Continuing Shareholders in accordance with their applications, and the balance will be dealt with in accordance with Article 9.7(e).

## 9.7 Completion of transfer of Sale Shares

- (a) If the Transfer Notice includes a Minimum Transfer Condition and the total number of Shares applied for does not meet the Minimum Transfer Condition, the Board will notify the Seller and all those to whom Sale Shares have been conditionally allocated under Article 9.6 stating the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.
- (b) If:
  - (i) the Transfer Notice does not include a Minimum Transfer Condition; or
  - (ii) the Transfer Notice does include a Minimum Transfer Condition and allocations have been made in respect of all or the minimum required number of the Sale Shares,

the Board will, when no further offers are required to be made under Article 9.6, give written notice of allocation (an **Allocation Notice**) to the Seller and each Shareholder to whom Sale Shares have been allocated (an **Applicant**) specifying the number of Sale Shares allocated to each Applicant and the place and time (being not less than 5 Business Days nor more than 20 Business Days after the date of the Allocation Notice) for completion of the transfer of the Sale Shares.

- (c) Upon service of an Allocation Notice, the Seller must, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it.
- (d) If the Seller fails to comply with the provisions of Article 9.7(c):
  - (i) the chairman of the Company or, failing him, one of the Directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller:
    - (A) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;



- (B) receive the Transfer Price and give a good discharge for it; and
  - (C) (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
- (ii) the Company will pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest), or otherwise hold the Transfer Price on trust for the Seller, until he has delivered to the Company his certificate(s) for the relevant Shares (or an indemnity for lost certificate(s) in a form acceptable to the Board).
- (e) If an Allocation Notice does not relate to all the Sale Shares then, subject to Article 9.7(f), the Seller may, within eight weeks after service of the Allocation Notice, transfer the unallocated Sale Shares to any person at a price at least equal to the Transfer Price.
- (f) The right of the Seller to transfer Shares under Article 9.7(e) does not apply if the Board (with Investor Majority Consent) is of the opinion on reasonable grounds that:
  - (i) the transferee is a person (or a nominee for a person) who the Board (with Investor Majority Consent) determines in its absolute discretion is a competitor with (or an Associate of a competitor with) the business of the Company or with any other member of the Group;
  - (ii) 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
  - (iii) the Seller has failed or refused to promptly provide information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.

## 10. Valuation of Shares

- 10.1 If no Transfer Price can be agreed between the Seller and the Board in accordance with provisions of Articles 7.9, 9.2 or otherwise then, on the date of failing agreement, the Board will either:
- (a) appoint an expert valuer in accordance with Article 10.2 (the **Expert Valuer**) to certify the Fair Value of the Sale Shares; or
  - (b) if the Fair Value has been certified by an Expert Valuer within the preceding 12 weeks, specify that the Fair Value of the Sale Shares will be calculated by dividing any Fair Value so certified by the number of Sale Shares to which it related and multiplying such Fair Value by the number of Sale Shares the subject of the Transfer Notice.
- 10.2 The Expert Valuer will be either:
- (a) the Accountants; or

- (b) (if otherwise agreed by the Board and the Seller) an independent firm of chartered accountants to be agreed between the Board and the Seller or, failing agreement not later than the date 10 Business Days after the date of service of the Transfer Notice, to be nominated by the then President of the Institute of Chartered Accountants in England and Wales on the application of either party and approved by the Board (with Investor Majority Consent).

10.3 The **Fair Value** of the Sale Shares will be determined by the Expert Valuer on the following assumptions and bases:

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

10.4 If any difficulty arises in applying any of these assumptions or bases, then the Expert Valuer will resolve that difficulty in whatever manner they will, in their absolute discretion, think fit.

10.5 The Expert Valuer will be requested to determine the Fair Value within 45 days from their appointment and to notify the Board of their determination.

10.6 The Expert Valuer will act as experts and not as arbitrators and their determination will be final and binding on the parties (in the absence of fraud or manifest error).

10.7 The Board will give the Expert Valuer access to all accounting records or other relevant documents of the Group, subject to them agreeing to such confidentiality provisions as the Board may reasonably impose.

10.8 The Expert Valuer will deliver their certificate to the Board. As soon as the Board receives the certificate, it will deliver a copy of it to the Seller. Unless the Sale Shares are to be sold under a Transfer Notice which is deemed to have been served, the Seller may, by notice in writing to the Company within five Business Days of the service on him of the copy certificate, cancel the Company's authority to sell the Sale Shares.

10.9 The cost of obtaining the certificate will be paid by the Company, unless:

- (a) the Seller cancels the Company's authority to sell; or
- (b) the Sale Price certified by the Expert Valuer is less than the price (if any) offered by the Directors to the Seller for the Sale Shares before the Expert Valuer was instructed,

in which case the Seller will bear the cost.

## **11. Compulsory transfers - general**

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

11.2 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 11.2 will not be fulfilled to the satisfaction of the Directors, a Transfer Notice will be deemed to have been given in respect of each such Share, save to the extent that the Directors (with Investor Majority Consent) may otherwise determine.

11.3 If a Shareholder which is an undertaking (as defined in section 1161(1) of the Act), either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets (other than as part of a bona fide solvent restructuring or reorganisation), the relevant Shareholder and all its Permitted Transferees will be deemed to have given a Transfer Notice in respect of all the Shares held by the relevant Shareholder and its Permitted Transferees, save to the extent that, and at a time, the Directors (with Investor Majority Consent) may determine.

11.4 If there is a change in control (as control is defined in section 1124 of the CTA 2010) of any Shareholder (excluding an Investor) which is an undertaking (as defined in section 1161(1) of the Act), it and its Permitted Transferees will be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving of, in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its and their names and their respective nominees' names, save that in the case of a Permitted Transferee it will first be permitted to transfer those Shares back to the Original Shareholder from whom it received its Shares or to any other Permitted Transferee before being required to serve a Transfer Notice.

## 12. Departing employees

### *Leaver's Percentage and Deferred Shares*

- 12.1 Unless the Board and the Investor Majority determine that this Article 12.1 will not apply, if at any time an Employee ceases to be an Employee in circumstances where they are a Very Bad Leaver, all Employee Shares relating to such Employee will automatically convert into Deferred Shares (on the basis of one Deferred Share for each Equity Share held) on such date (being not earlier than the Effective Termination Date in relation to such Employee and not later than the date falling 12 months after the Effective Termination Date in relation to such Employee) as the Board and an Investor Majority determine.
- 12.2 Unless the Board and an Investor Majority determine that this Article 12.2 will not apply, if at any time an Employee ceases to be an Employee in circumstances where they are and remain a Bad Leaver or a Voluntary Leaver (but not also a Very Bad Leaver), then:
- (a) the Leaver's Percentage (as defined below) of the Employee Shares in question (rounded up the nearest whole number of Equity Shares) will be retained by the Employee and (if applicable) his Permitted Transferees as Equity Shares; and
  - (b) the Leaver Balance of the Employee Shares in question will automatically convert into Deferred Shares on the terms of Article 12.5.
- 12.3 If at any time an Employee ceases to be an Employee in circumstances where they are and remain a Good Leaver, then:
- (a) the Leaver's Percentage of the Employee Shares in question (rounded up the nearest whole number of Equity Shares) will be retained by the Employee and (if applicable) his Permitted Transferees; and
  - (b) the provisions of Article 12.6 will apply to the Leaver Balance of the Employee Shares in question.
- 12.4 The **Leaver's Percentage** will be as follows:

Period during which relevant Employee's Effective Termination Date occurs	Bad Leaver	Voluntary Leaver	Good Leaver
Before the first anniversary of the Employee's Commencement Date	20% (hence 80% converted to Deferred Shares)	25% (hence 75% converted to Deferred Shares)	33% (hence 67% converted to Deferred Shares)

<b>On or after the first anniversary of the Employee's Commencement Date but before the second anniversary thereof</b>	25% (hence 75% converted to Deferred Shares)	33% (hence 67% converted to Deferred Shares)	50% (hence 50% converted to Deferred Shares)
<b>On or after the second anniversary of the Employee's Commencement Date but before the third anniversary thereof</b>	33% (hence 67% converted to Deferred Shares)	50% (hence 50% converted to Deferred Shares)	75% (hence 25% converted to Deferred Shares)
<b>On or after the third anniversary of the Employee's Commencement Date</b>	33% (hence 67% converted to Deferred Shares)	75% (hence 25% converted to Deferred Shares)	80% (hence 20% converted to Deferred Shares)

or such greater percentage as the Board (with Investor Majority Consent) may at its absolute discretion determine.

- 12.5 Upon any conversion of Employee Shares into Deferred Shares, the Company will be entitled to enter the holder(s) of the Deferred Shares on the register of members of the Company as the holder(s) of the appropriate number of Deferred Shares as from the Deferred Conversion Date. Upon the Deferred Conversion Date, the Employee in question (and his Permitted Transferee(s)) will deliver to the Company at its registered office the share certificate(s) (to the extent not already in the possession of the Company) (or an indemnity for lost certificates in a form acceptable to the Board) for the Employee Shares so converting and upon such delivery there will be issued to him (and/or his Permitted Transferee(s)) share certificate(s) for the number of Deferred Shares resulting from the relevant conversion together with any necessary balance certificate for any Equity Shares retained.

#### *Deemed Transfer Notice*

- 12.6 If any Employee ceases for any reason to be an Employee in circumstances where they are a Good Leaver, then the Board (with Investor Majority Consent) will be entitled to determine that a Transfer Notice will be deemed to be given in respect of the Leaver Balance (or such lesser percentage as the Board, with Investor Majority Consent, will determine) of the Employee Shares relating to such Employee on or before the first anniversary of the Effective Termination Date. In such circumstances, the Transfer Price for the Leaver Balance will be the Fair Value of the Employee Shares concerned.

#### *Share rights*

- 12.7 All voting, dividend and distribution rights attached to Employee Shares relating to an Employee will with effect from (and including) such Employee's Effective Termination Date be suspended unless the Board (with Investor Majority Consent) notifies the relevant holder(s) of such Employee Shares (the **Restricted Member**) otherwise, provided that such Employee Shares (being Equity Shares) will retain the right to a distribution of assets on a liquidation or a return of capital and will retain all capital

rights.

- 12.8 Any Employee Shares in respect of which voting rights are suspended pursuant to Article 12.7 (**Restricted Shares**) will confer on the holders of Restricted Shares held by a Good Leaver the right to receive a notice of and attend all general meetings of the Company but will have no right to vote either in person or by proxy or to vote on any proposed written resolution. If a Restricted Member transfers any Restricted Shares in accordance with these Articles, all voting, dividend and distribution rights attached to the Restricted Shares so transferred will upon completion of the transfer (as evidenced by the transferee's name being entered in the Company's register of members) automatically be restored.

### 13. Tag-along

- 13.1 Except in the case of Permitted Transfers and transfers pursuant to Articles 11 or 12, after going through the pre-emption procedure in Article 9 the provisions of Article 13.2 will apply if one or more Proposed Sellers propose to transfer in one or a series of related transactions any Shares (the **Proposed Transfer**) which would, if put into effect, result in any Proposed Purchaser (and Associates of his, or persons Acting in Concert with him) acquiring a Controlling Interest in the Company.
- 13.2 A Proposed Seller must, before making a Proposed Transfer, procure the making by the Proposed Purchaser of an offer (the **Offer**) to the other Shareholders to acquire all of the Equity Shares for a consideration per share the value of which is at least equal to the Specified Price (as defined in Article 13.7).
- 13.3 The Offer must be given by written notice (a **Proposed Sale Notice**) at least 10 Business Days (the **Offer Period**) before the proposed sale date (**Proposed Sale Date**). The Proposed Sale Notice must set out, to the extent not described in any accompanying documents, the identity of the Proposed Purchaser, the purchase price and other terms and conditions of payment, the Proposed Sale Date and the number of Shares proposed to be purchased by the Proposed Purchaser (the **Proposed Sale Shares**).
- 13.4 If any other holder of Equity Shares is not given the rights accorded him by this Article 13, the Proposed Sellers will not be entitled to complete their sale and the Company will not register any transfer intended to carry that sale into effect.
- 13.5 If the Offer is accepted by any Shareholder (an **Accepting Shareholder**) within the Offer Period, the completion of the Proposed Transfer will be conditional upon the completion of the purchase of all the Shares held by Accepting Shareholders.
- 13.6 The Proposed Transfer is subject to the pre-emption provisions of Article 9, but the purchase of the Accepting Shareholders' shares will not be subject to Article 9.

13.7 For the purpose of this Article 13:

- (a) the expression **Specified Price** will mean, in respect of each Share, a sum in cash equal to the highest price per Share offered or paid by the Proposed Purchaser:
  - (i) in the Proposed Transfer; or
  - (ii) in any related or previous transaction by the Proposed Purchaser or any person Acting in Concert with the Proposed Purchaser in the 12 months preceding the date of the Proposed Transfer,

plus an amount equal to the Relevant Sum, as defined in Article 13.7(b), of any other consideration (in cash or otherwise) paid or payable by the Proposed Purchaser or any other person Acting in Concert with the Proposed Purchaser, which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for the Shares (the **Supplemental Consideration**);

- (b) **Relevant Sum** =  $C \div A$

where:

A = number of Equity Shares being sold in connection with the relevant Proposed Transfer;

C = the Supplemental Consideration.

14. **Drag-along**

- 14.1 If the holders of at least 51 per cent of the Equity Shares (excluding any Unvested Shares)) (the **Selling Shareholders**) wish to transfer all their interest in Shares (the **Sellers' Shares**) to a Proposed Purchaser, the Selling Shareholders will have the option (the **Drag Along Option**) to compel each other holder of Shares (each a **Called Shareholder** and together the **Called Shareholders**) to sell and transfer all of their Equity Shares to the Proposed Purchaser or as the Proposed Purchaser may direct (the **Drag Purchaser**) in accordance with the provisions of this Article 14.

- 14.2 The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a **Drag Along Notice**) to the Company, which the Company will forthwith copy to the Called Shareholders, at any time before the transfer of the Sellers' Shares to the Drag Purchaser. A Drag Along Notice will specify:

- (a) that the Called Shareholders are required to transfer all their Shares (the **Called Shares**) under this Article 14;
- (b) the person to whom they are to be transferred;
- (c) the consideration (whether in cash or otherwise) for which the Called Shares are to be transferred (calculated in accordance with this Article 14);

- (d) the proposed date of transfer; and
- (e) the form of any sale agreement or form of acceptance or any other document of similar effect that the Called Shareholders are required to sign in connection with such sale (the **Sale Agreement**),

and, in the case of paragraphs (b) to (d) above (inclusive), whether actually specified or to be determined in accordance with a mechanism described in the Drag Along Notice. No Drag Along Notice or Sale Agreement may require a Called Shareholder to agree to any terms except those specifically provided for in this Article 14.

- 14.3 Drag Along Notices will be irrevocable, but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Drag Purchaser within 60 Business Days after the date of service of the Drag Along Notice. The Selling Shareholders will be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 14.4 The consideration (in cash or otherwise) for which the Called Shareholders will be obliged to sell each of the Called Shares will be the highest price per Share being paid to a Selling Shareholder (the **Drag Consideration**).
- 14.5 In respect of a transaction that is the subject of a Drag-Along Notice and with respect to any Drag Document, a Called Shareholder will only be obliged to undertake to transfer his Shares with full title guarantee (and provide an indemnity for any lost certificate(s) in a form acceptable to the Board) on receipt of the Drag Consideration when due, and will not be obliged to give warranties or indemnities except a warranty as to capacity to enter into a Drag Document and the full title guarantee of the Shares held by such Called Shareholder.
- 14.6 Within three Business Days of the Company copying the Drag Along Notice to the Called Shareholders (or such later date as may be specified in the Drag Along Notice) (the **Drag Completion Date**), each Called Shareholder will deliver:
- (a) duly executed stock transfer form(s) for its Equity Shares in favour of the Drag Purchaser;
  - (b) the relevant share certificate(s) (or a duly executed indemnity for lost certificate(s) in a form acceptable to the Board) to the Company; and
  - (c) a duly executed Sale Agreement, if applicable, in the form specified in the Drag Along Notice, or as otherwise specified by the Company,
- together the **Drag Documents**.
- 14.7 On the Drag Completion Date, the Company will pay or transfer to each Called Shareholder, on behalf of the Drag Purchaser, the Drag Consideration that is due, to the extent the Drag Purchaser has paid, allotted or transferred such consideration to the Company. The Company's receipt of the Drag Consideration will be a good discharge to the Drag Purchaser. Following the Company's receipt of the Drag Consideration, but pending its payment or transfer to the Called Shareholder, the



Company will hold the Drag Consideration in trust for each of the Called Shareholders, without any obligation to pay interest.

- 14.8 To the extent that the Drag Purchaser has not, on the Drag Completion Date, paid, allotted or transferred the Drag Consideration that is due to the Company, the Called Shareholders will be entitled to the immediate return of the Drag Documents for the relevant Shares and the Called Shareholders will have no further rights or obligations under the Drag Along Notice in question.
- 14.9 If a Called Shareholder fails to deliver the Drag Documents for its Shares to the Company by the Drag Completion Date, the Company and each Director will be constituted the agent of such defaulting Called Shareholder to take such actions and enter into any Drag Document or such other agreements or documents as are necessary to effect the transfer of the Called Shareholder's Shares pursuant to this Article 14, and the Directors will, if requested by the Drag Purchaser, authorise any Director to transfer the Called Shareholder's Shares on the Called Shareholder's behalf to the Drag Purchaser to the extent the Drag Purchaser has, by the Drag Completion Date, paid, allotted or transferred the Drag Consideration to the Company for the Called Shareholder's Shares offered to it. The Board will then authorise registration of the transfer once appropriate stamp duty (if any is required) has been paid. The defaulting Called Shareholder will surrender his share certificate(s) for his Shares (or a suitable executed indemnity) to the Company. On surrender, he will be entitled to the Drag Consideration due to him.
- 14.10 Any transfer of Shares to a Drag Purchaser pursuant to a sale in respect of which a Drag Along Notice has been duly served will not be subject to the provisions of Article 9.
- 14.11 On any person, following the issue of a Drag Along Notice, becoming a Shareholder pursuant to the exercise of a pre-existing option or warrant to acquire shares in the Company or pursuant to the conversion of any convertible security of the Company (a **New Shareholder**), a Drag Along Notice will be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice, who will then be bound to sell and transfer all Shares so acquired to the Drag Purchaser, and the provisions of this Article 14 will apply with the necessary changes to the New Shareholder, except that completion of the sale of the Shares will take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

#### *Asset Sale*

- 14.12 If an Asset Sale is approved by the Board (with Investor Majority Consent) and the holders of at least 51 per cent of the Equity Shares (excluding any Unvested Shares) consent in writing, such consenting Shareholders will have the right, by notice in writing to all other Shareholders, to require such Shareholders to take any and all such actions as it may be necessary for Shareholders to take in order to give effect to or otherwise implement such Asset Sale.

## **15. General meetings**

- 15.1 If any two or more Shareholders (or Qualifying Persons representing two or more Shareholders) attend the meeting in different locations, the meeting will be treated as being held at the location specified in the notice of the meeting, save that if no one is present at that location so specified the meeting will be deemed to take place where the largest number of Qualifying Persons is assembled or, if no such group can be identified, at the location of the chairman.
- 15.2 Meetings may be held electronically, including (without limitation) by video conference or telephone conference.
- 15.3 If a demand for a poll is withdrawn under article 44(3) of the Model Articles, the demand will not be taken to have invalidated the result of a show of hands declared before the demand was made and the meeting will continue as if the demand had not been made.
- 15.4 Polls must be taken in such manner as the chairman directs. A poll demanded on the election of a chairman or on a question of adjournment must be held immediately. A poll demanded on any other question must be held either immediately or at such time and place as the chairman directs, not being more than 14 days after the poll is demanded. The demand for a poll will not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded.
- 15.5 No notice need be given of a poll not held immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven clear days' notice will be given specifying the time and place at which the poll is to be taken.
- 15.6 If the poll is to be held more than 48 hours after it was demanded, the Shareholders will be entitled to deliver proxy notices in respect of the poll at any time up to 24 hours before the time appointed for taking that poll. In calculating that period, no account will be taken of any part of a day that is not a Business Day.

## **16. Directors' borrowing powers**

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

## **17. Number of Directors**

Unless and until the Company will otherwise determine by ordinary resolution, the number of Directors may be one (1), if required.

## **18. Disqualification of Directors**

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

## **19. Proceedings of Directors**

- 19.1 If a meeting of the Directors is attended by a Director who is acting as alternate for one or more other Directors, the Director or Directors for whom he is the alternate will be counted in the quorum despite their absence, and if on that basis there is a quorum the meeting may be held despite the fact (if it is the case) that only one Director is physically present.
- 19.2 Meetings of the Directors may be held electronically, including (without limitation) by video conference or telephone conference. If all the Directors participating in a meeting of the Directors are not physically in the same place, the meeting will be deemed to take place where the largest group of participators in number is assembled. In the absence of a majority, the location of the chairman will be deemed to be the place of the meeting.
- 19.3 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company at any time before or after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.
- 19.4 Provided (if these Articles so require) that he has declared to the Directors, in accordance with the provisions of these Articles, the nature and extent of his interest (and subject to any restrictions on voting or counting in a quorum imposed by the Directors in authorising a Relevant Interest), a Director may vote at a meeting of the Directors or of a committee of the Directors on any resolution concerning a matter in which he has an interest, whether a direct or an indirect interest, or in relation to which he has a duty and will also be counted in reckoning whether a quorum is present at such a meeting.
- 19.5 Questions arising at any meeting of the Directors will be decided by a majority of votes. In the case of any equality of votes, the chairman will not have a second or casting vote.
- 19.6 A decision of the Directors may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing (including confirmation given by electronic means). Reference in article 7(1) of the Model Articles to article 8 of the Model Articles will be deemed to include a reference to this article also.

## 20. Director' interests

### *Specific interests of a Director*

- 20.1 Subject to the provisions of the Act and provided (if these Articles so require) that he has declared to the Directors in accordance with the provisions of these Articles the nature and extent of his interest, a Director may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest of the following kind:
- (a) where a Director (or a person connected with him) is party to or in any way directly or indirectly interested in, or has any duty in respect of, any existing or proposed contract, arrangement or transaction with the Company or any other undertaking in which the Company is in any way interested;
  - (b) where a Director (or a person connected with him) is a director, employee or other officer of, or a party to any contract, arrangement or transaction with, or in any way interested in, any body corporate promoted by the Company, or in which the Company is in any way interested;
  - (c) where a Director (or a person connected with him) is a Shareholder;
  - (d) where a Director (or a person connected with him) holds and is remunerated in respect of any office or place of profit (other than the office of auditor) in respect of the Company or body corporate in which the Company is in any way interested;
  - (e) where a Director is given a guarantee, or is to be given a guarantee, in respect of an obligation incurred by or on behalf of the Company or any body corporate in which the Company is in any way interested;
  - (f) where a Director (or a person connected with him or of which he is a member or employee) acts (or any body corporate promoted by the Company or in which the Company is in any way interested of which he is a director, employee or other officer may act) in a professional capacity for the Company or any body corporate promoted by the Company or in which the Company is in any way interested (other than as auditor), whether or not he or it is remunerated for this;
  - (g) an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest; or
  - (h) any other interest authorised by ordinary resolution (with Investor Majority Consent).

### *Interests of an Investor Director*

- 20.2 In addition to the provisions of Article 20.1, subject to the provisions of the Act and provided (if these Articles so require) that he has declared to the Directors in accordance with the provisions of these Articles the nature and extent of his interest, where a Director is an Investor Director he may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest arising from

any duty he may owe to, or interest he may have as an employee, director, trustee, member, partner, officer or representative of, or a consultant to, or direct or indirect investor (including without limitation by virtue of a carried interest, remuneration or incentive arrangements or the holding of securities) in:

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

*Interests of which a Director is not aware*

- 20.3 For the purposes of this Article 20, an interest of which a Director is not aware and of which it is unreasonable to expect him to be aware will not be treated as an interest of his.

*Accountability of any benefit and validity of a contract*

- 20.4 In any situation permitted by this Article 20 (save as otherwise agreed by him), a Director will not by reason of his office be accountable to the Company for any benefit which he derives from that situation, and no such contract, arrangement or transaction will be avoided on the grounds of any such interest or benefit.

*Terms and conditions of Board authorisation*

- 20.5 Subject to Article 20.6, any authority given in accordance with section 175(5)(a) of the Act in respect of a Director (**Interested Director**) who has proposed that the Directors authorise his interest (**Relevant Interest**) pursuant to that section may, for the avoidance of doubt:

- (a) be given on such terms and subject to such conditions or limitations as may be imposed by the authorising Directors as they see fit from time to time, including without limitation:
  - (i) restricting the Interested Director from voting on any resolution put to a meeting of the Directors, or of a committee of the Directors, in relation to the Relevant Interest;
  - (ii) restricting the Interested Director from being counted in the quorum at a meeting of the Directors, or of a committee of the Directors, where such Relevant Interest is to be discussed; or
  - (iii) restricting the application of the provisions in Articles 20.7 and 20.8, so far as is permitted by law, in respect of such Interested Director;

- (b) be withdrawn, or varied at any time by the Directors entitled to authorise the Relevant Interest, as they see fit from time to time, and

subject to Article 20.6, an Interested Director must act in accordance with any such terms, conditions or limitations imposed by the authorising Directors pursuant to section 175(5)(a) of the Act and this Article 20.

*Terms and conditions of Board authorisation for an Investor Director*

- 20.6 Notwithstanding the other provisions of this Article 20, it will not (save with the consent in writing of the Investor Director in question) be made a condition of any authorisation of a matter in relation to that Investor Director in accordance with section 175(5)(a) of the Act, that he will be restricted from voting or counting in the quorum at any meeting of, or of any committee of, the Directors or that he will be required to disclose, use or apply confidential information as contemplated in Article 20.8.

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

- 20.7 Subject to Article 20.8 (and without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this Article 20), if a Director, otherwise than by virtue of his position as director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he will not be required:
  - (a) to disclose such information to the Company or to any Director, or to any officer or employee of the Company; or
  - (b) otherwise to use or apply such confidential information for the purpose of or in connection with the performance of his duties as a Director.

- 20.8 Where such duty of confidentiality arises out of a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, Article 20.7 will apply only if the conflict arises out of a matter which falls within Article 20.1 or Article 20.2 or has been authorised under section 175(5)(a) of the Act.

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

- 20.9 Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director will take such additional steps as may be necessary for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including without limitation:
  - (a) absenting himself from any discussions, whether in meetings of the Directors or otherwise, at which the relevant situation or matter falls to be considered;

and

- (b) excluding himself from documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for him to have access to such documents or information.

*Requirement of a Director is to declare an interest*

20.10 Subject to section 182 of the Act, a Director will declare the nature and extent of any interest permitted by Article 20.1 or Article 20.2 at a meeting of the Directors, or by general notice in accordance with section 184 (notice in writing) or section 185 (general notice) of the Act or in such other manner as the Directors may determine, except that no declaration of interest will be required by a Director in relation to an interest:

- (a) falling under Article 20.3;
- (b) if, or to the extent that, the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or
- (c) if, or to the extent that, it concerns the terms of his service contract (as defined by section 227 of the Act) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these Articles.

*Shareholder approval*

20.11 Subject to section 239 of the Act, the Company may by ordinary resolution (with Investor Majority Consent) ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of this Article 20.

20.12 For the purposes of this Article 20:

- (a) a conflict of interest includes a conflict of interest and duty and a conflict of duties;
- (b) the provisions of section 252 of the Act will determine whether a person is connected with a Director;
- (c) a general notice to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested will be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified.

## **21. Indemnities and insurance**

21.1 Subject to the provisions of, and so far as may be permitted by, the Act:

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

save that, in respect of a provision indemnifying a director of a company (whether or not the Company) that is a trustee of an occupational pension scheme (as that term is used in section 235 of the Act) against liability incurred in connection with that company's activities as trustee of the scheme, the Company will also be able to indemnify any such director without the restrictions in Articles 21.1(a)(i), 21.1(a)(iii)(B) and 21.1(a)(iii)(C) applying;
- (b) the Directors may exercise all the powers of the Company to purchase and maintain insurance for any such current or former Director or other officer against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company, or any associated company including (if he is a director of a company which is a trustee of an occupational pension scheme) in connection with that company's activities as trustee of an occupational pension scheme.

21.2 The Company will (at the cost of the Company) effect and maintain for each current or former Director or current or former director of any associated company policies of insurance insuring each such director against risks in relation to his office as each



director may reasonably specify including, without limitation, any liability which by virtue of any rule of law may attach to him in respect of any negligence, default of duty or breach of trust of which he may be guilty in relation to the Company.

## 22. Data Protection

Each of the Shareholders and Directors consents to the processing of their personal data by the Company, the Shareholders and the Directors (each a **Recipient**) for the purpose of due diligence exercises, compliance with applicable laws, regulations and procedures and the exchange of information among themselves. A Recipient may process the personal data either electronically or manually. The personal data which may be processed under this Article will include any information which may have a bearing on the prudence or commercial merits of investing, or disposing of any shares (or other investment or security) in the Company. Except as required by law, court order or other regulatory authority, that personal data may not be disclosed by a Recipient or any other person except to a Member of the same Group (**Recipient Group Companies**) and to employees, directors and professional advisers of that Recipient or the Recipient Group Companies and funds managed by any of the Recipient Group Companies. Each of the Shareholders and Directors consents to the transfer of relevant personal data to persons acting on behalf of the Recipient and to the offices of any Recipient both within and outside the European Economic Area for the purposes stated above, where it is necessary to do so.

## Signatures

A handwritten signature in black ink, appearing to be 'Sam Simpson', written over a horizontal line.

Signed by Sam Simpson  
For and on behalf of Sample Limited