

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

(Adopted by special resolution dated 31st May 2021)

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, unless the context otherwise requires:

A Ordinary Shares: ordinary shares in the capital of the Company carrying the rights detailed in article 11;

Act: the Companies Act 2006;

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

Bad Leaver: any Shareholder who is not a Founder Shareholder who ceases to be a director of, employed by or provide services to the Company:

- (a) after the tenth anniversary of the date of adoption of these Articles as a result of the Shareholder in question being dismissed for cause, where "cause" shall mean the lawful termination of that Shareholder's contract of employment or consultancy without notice of payment in lieu of notice as a consequence of that Shareholder's serious or gross misconduct, and/or that person's fair dismissal pursuant to section 98(2) (b) (conduct) of the Employment Rights Act 1996; or
- (b) Before the tenth anniversary of the date of adoption of these Articles, where (i) the Shareholder in question has resigned or otherwise voluntarily terminated his/her directorship, employment or engagement, except in circumstances of retirement (at the normal retirement age), as a result of ill-health preventing the Shareholder in question carrying out his duties as an employee or consultant and/or any resignation/termination which constitutes a constructive, wrongful and/or unfair dismissal; or (ii) the Shareholder in question is dismissed for cause, where "cause" shall mean the lawful termination of that Shareholder's contract of employment or consultancy without notice or payment in lieu of notice as a consequence of that Shareholder's misconduct and/or that person's fair dismissal pursuant to section 98(2) (a) (capability) or 98(2) (b) (conduct) of the Employment Rights Act 1996.



Board:	the board of directors of the Company from time to time
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;
Conflict:	has the meaning given in article 6.1;
Controlling Interest:	an interest in shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010.
Disposal:	the disposal by the Company of all, or a substantial part of, its business and assets
Eligible Director:	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);
Family Trust:	in relation to a Shareholder, a trust set up wholly for the benefit of that Shareholder and/or that Shareholder's Privileged Relations;
Founder Shareholders:	Shareholders holding all of the issued Ordinary Shares from time to time;
Model Articles:	the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles;
Ordinary Shares:	ordinary shares in the capital of the Company carrying the rights detailed in article 11;
Permitted Transferee:	in relation to a Founder Shareholder, any of his Privileged Relations or the trustees of his Family Trust(s);
Privileged Relations:	the spouse or Civil Partner (under the Civil Partnership Act 2004) of a Founder Shareholder and the Founder Shareholder's children (including step and adopted children);
Sale Proceeds:	the consideration payable (including any deferred and/or contingent consideration) whether in cash or otherwise to those Shareholders selling shares under a Share Sale;
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, and in respect of which any holder(s) of A Ordinary Shares has accepted an Offer in accordance with article 19, except where the identities of the shareholders in the buyer and the proportion of shares of the buyer held by each of them following completion of the sale are the same as the identities of the Shareholders and their respective shareholdings in the Company immediately before the sale;
Shareholder:	any person holding shares in the capital of the Company.

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
- (a) any subordinate legislation from time to time made under it; and
 - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms "**including**", "**include**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles.
- 1.8 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 23, 44(2), 49, 52 and 53 of the Model Articles shall not apply to the Company.
- 1.9 Article 7 of the Model Articles shall be amended by:
- (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and
 - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may".
- 1.10 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 9," after the word "But".
- 1.11 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name".
- 1.12 Articles 31(1)(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide".
- 2. OBJECTS OF THE COMPANY**
- 2.1 The Company's objects are:
- (a) to carry on business as a general commercial company; and
 - (b) any other trade or business which may seem to the Company and its directors to be advantageous and to directly or indirectly enhance all or any of the business of the Company.
- 2.2 Notwithstanding article 2.1, the Company's objects are unrestricted.

DIRECTORS

3. UNANIMOUS DECISIONS

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

4. DIRECTORS' MEETINGS

- 4.1 Any director may call a directors' meeting by giving not less than 5 Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors to give such notice. Notice of a directors' meeting shall be given to each director in writing and be accompanied by an agenda specifying in reasonable detail the matters to be raised at the meeting and copies of any papers to be discussed at the meeting. Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a meeting of directors unless all the directors agree in writing.
- 4.2 Subject to article 4.3, the quorum for the transaction of business at a meeting of directors is two Eligible Directors who must also be Founder Shareholders and no business shall be conducted at any meeting unless a quorum is present at the beginning of the meeting and also when the business is voted on. Save as otherwise provided in these Articles, the directors may participate in directors' meetings for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
- 4.3 For the purposes of any meeting (or part of a meeting) held pursuant to article 6 to authorise a director's Conflict, if there is only one Eligible Director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 4.4 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:
 - (a) to appoint further directors; or
 - (b) to call a general meeting so as to enable the shareholders to appoint further directors.
- 4.5 Any question arising at any meeting of directors shall be decided by a majority of votes of the directors present. If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote.

5. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

- 5.1 A director who is in any way, whether directly or indirectly interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors either before the Company enters into the transaction or arrangement in accordance with the Act or, where the transaction or arrangement has been entered into by the Company, as soon as is reasonably practicable in accordance with the Act.
- 5.2 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

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

5.3 A director need not declare an interest under article 5.1:

- (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
- (b) of which the director is not aware, although for this purpose a director is treated as being aware of matters of which he ought reasonably to be aware;
- (c) if, or to the extent that, the other directors are already aware of it, and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware; or
- (d) if, or to the extent that it concerns the terms of his service contract that have been, or are to be, considered at a board meeting.

6. DIRECTORS' CONFLICTS OF INTEREST

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

6.2 Any authorisation under this article 6 will be effective only if:

to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles;

- (a) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested director; and

- (b) the matter was agreed to without the Interested director voting or would have been agreed to if the vote of the Interested director had not been counted.
- 6.3 Any authorisation of a Conflict under this article 6 may (whether at the time of giving the authorisation or subsequently):
 - (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - (b) provide that the Interested director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
 - (c) provide that the Interested director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
 - (d) impose upon the Interested director such other terms for the purposes of dealing with the Conflict as the directors think fit;
 - (e) provide that, where the Interested director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the affairs of the company where to do so would amount to a breach of that confidence; and
 - (f) permit the Interested director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.
- 6.4 Where the directors authorise a Conflict, the Interested director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 6.5 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.
- 6.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 7. RECORDS OF DECISIONS TO BE KEPT**

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

Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any limitation. When the minimum number of directors shall be one, a sole director may exercise all powers and authorities vested in the directors by the Model Articles and these Articles.

9. APPOINTMENT OF DIRECTORS

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

10. SECRETARY

The Company is not required to have a secretary, but directors may choose to appoint any person who is willing to act as the secretary for such terms, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

SHARES

11. SHARE CAPITAL & RIGHTS

11.1 The share capital of the Company at the date of adoption of these Articles is comprised of Ordinary Shares of £1 each and A Ordinary Shares of £1 each which shall constitute separate classes of shares and which have the rights set out in these articles.

11.2 The Ordinary Shares shall:-

- (a) confer on their holders the right to receive notice of, to be present at and to vote, either in person or by proxy, at any general meeting of the company or by way of written resolution; and
- (b) entitle their holder(s) to receive dividends.

11.3 The A Ordinary Shares shall:-

- (a) confer on their holders the right to receive notice of, to be present at and to vote, either in person or by proxy, at any general meeting of the company or by way of written resolution; and
- (b) entitle their holder(s) to receive dividends.

11.4 Notwithstanding, articles 11.2(b) and 11.3(b), the declaring or paying of any dividend or other distribution on account of shares in the Company's capital shall be at the absolute discretion of the Founder Shareholders and shall not be carried out without their prior written consent.

11.5 On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of shares), the assets of the Company remaining after the payment of its liabilities shall be applied (to the extent that the Company is lawfully able to do so) as follows:

- (a) first, in paying to the holders of the Ordinary Shares, pro rata to the number of Ordinary Shares held, the sum of £1,200,000 and, if there is a shortfall of assets remaining to satisfy such payments in full, the proceeds shall be distributed to the holders of the Ordinary Shares pro rata to the aggregate amounts due under this article to each such Ordinary Share held;
- (b) thereafter, in distributing:
 - (i) 20% of the balance among the holders of the A Ordinary Shares pro rata to the number of A Ordinary Shares held; and
 - (ii) 80% of the balance among the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held.

- 11.6 On a Share Sale, the Sale Proceeds shall be distributed in the order of priority set out in article 11.5.
- 11.7 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 11.5.
- 12. PURCHASE OF OWN SHARES**
- 12.1 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.
- 13. FURTHER ISSUE OF SHARES: AUTHORITY**
- 13.1 Subject to article 14, the directors are generally and unconditionally authorised, for the purposes of section 550 or, where the Company has more than one class of shares, section 551 of the Act and generally, to exercise any power of the Company to:
- (a) offer or allot;
 - (b) grant rights to subscribe for or to convert any security into;
 - (c) otherwise deal in, or dispose of,
- shares of the class(es) described in article 11 above to any person, at any time and subject to any terms and conditions as the directors think proper.
- 13.2 The authority referred to in article 13.1:
- (a) shall be limited to a maximum nominal amount of £1 million;
 - (b) shall only apply insofar as the Company has not renewed, waived or revoked it by ordinary resolution; and
 - (c) may only be exercised for a period of five years commencing on the date on which these Articles are adopted, save that the directors may make an offer or agreement which would, or might, require shares to be allotted after the expiry of such authority (and the directors may allot Ordinary Shares in pursuance of an offer or agreement as if such authority had not expired).
- 14. FURTHER ISSUES OF SHARES: PRE-EMPTION RIGHTS**
- 14.1 Unless otherwise determined by special resolution if the Company proposes to allot any shares (other than any shares to be held under an employees' share scheme), those shares shall not be allotted to any person unless the Company has first offered them to all Shareholders on the date of the offer on the same terms, and at the same price, as those shares are being offered to other persons on a pari passu and pro rata basis to the number of shares held by those holders (as nearly as possible without involving fractions). The offer:
- (a) shall be in writing, shall be open for acceptance for a period of 20 business days from the date of the offer and shall give details of the number and subscription price of the relevant shares; and
 - (b) shall stipulate that any Shareholder who wishes to subscribe for a number of shares in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess shares (**Excess Shares**) for which he wishes to subscribe.

Provided that this article shall not apply in the event that the Company wishes to allot shares for non-cash consideration in which case a special resolution of the Company, must be obtained.

- 14.2 Any shares not accepted by Shareholders pursuant to the offer made to them in accordance with article 14.1 shall be used for satisfying any requests for Excess Shares made pursuant to article 14.1. If there are insufficient Excess Shares to satisfy such requests, the Excess Shares shall be allotted to the applicants pro rata to the number of shares held by the applicants immediately before the offer was made to the existing Shareholders in accordance with article 14.1 (as nearly as possible without involving fractions or increasing the number of Excess Shares allotted to any shareholder beyond that applied for by him). After that allotment, any Excess Shares remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the existing Shareholders.
- 14.3 Any shares not allotted to shareholders in accordance with articles 14.1 and 14.2 shall, subject to section 551 of the Act, be at the disposal of the directors 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.
- 15. TRANSFER OF SHARES: PERMITTED TRANSFERS**
- 15.1 No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any share or any interest in any share in the Company except in accordance with these Articles or with the prior written consent of all the Founder Shareholders.
- 15.2 A Shareholder (or the person entitled to transfer a share) who is not a Founder Shareholder shall not be entitled to transfer any share or any interest in any share, otherwise and as permitted under article 15.1 above or where such Shareholder is required to offer his shares for sale under articles 16 or 17 below.
- 15.3 Subject to article 15.4, a Founder Shareholder may transfer the issued shares held by that Founder Shareholder to any of his Permitted Transferees without being required to follow the steps set out in article 16.
- 15.4 A Founder Shareholder may only transfer shares to the trustees of a Family Trust if all of the Founder Shareholders are satisfied:
- (a) with the terms of the Family Trust and, in particular, with the powers of the trustees;
 - (b) with the identity of the trustees; and
 - (c) that no costs (including any liability to tax) incurred in connection with the setting up or administration of that Family Trust are to be paid by the Company.
- 15.5 Subject to article 15.4, any Shareholder holding shares as a result of a Permitted Transfer made by a Founder Shareholder in accordance with this article 15 may, at any time, transfer his shares back to that Founder Shareholder or to another Permitted Transferee of such Founder Shareholder, without being required to follow the steps set out in article 16.
- 15.6 If a Permitted Transfer has been made to a Privileged Relation of the Founder Shareholder, that Privileged Relation shall within 20 Business Days of ceasing to be a Privileged Relation of the Founder Shareholder (whether by reason of divorce, dissolution of a civil partnership or otherwise but not by reason of death) execute and deliver to the Company a transfer of the shares held by him to the Founder Shareholder (or, if so directed by the Founder Shareholder, to a Permitted Transferee of the Founder Shareholder) for such consideration as may be agreed between them, failing which he shall be deemed to have given a Transfer Notice in respect of the shares in accordance with article 16.2.

- 15.7 On the death or bankruptcy of a Privileged Relation (other than a joint holder), his personal representatives or trustee in bankruptcy (as the case may be) shall offer the shares held by the Privileged Relation for transfer to the Founder Shareholder or, if so directed by the Founder Shareholder, to a Permitted Transferee of the Founder Shareholder, within 10 Business Days after the grant of probate or the making of the bankruptcy order (as the case may be), for such consideration as may be agreed between the Founder Shareholder and the personal representatives or trustee in bankruptcy (as the case may be). If:
- (a) a transfer of the shares has not been executed and delivered within 20 Business Days of the grant of probate or the making of the bankruptcy order (as the case may be); or
 - (b) the Founder Shareholder is himself the subject of a bankruptcy order,
- the personal representatives or trustee in bankruptcy shall be deemed to have given a Transfer Notice in respect of the shares in accordance with article 16.1.
- 15.8 Notwithstanding articles 15.4 and 17.1(a), where, under a deceased Founder Shareholder's will (or the laws as to intestacy), any person legally or beneficially entitled to any shares (whether immediately or contingently) is a Permitted Transferee of that Founder Shareholder, the personal representative of the deceased Founder Shareholder shall transfer any shares to that person within 10 Business Days after the grant of probate, in each case without restriction as to price or otherwise.
- 15.9 If a Permitted Transfer has been made to the trustees of a Family Trust, the trustees of that Family Trust shall within 10 Business Days of that Family Trust ceasing to be wholly for the benefit of the Settlor and/or the Settlor's Privileged Relations execute and deliver to the Company a transfer of the shares held by them or the Family Trust to the Founder Shareholder or, if so directed by the Founder Shareholder, to a Permitted Transferee of the Founder Shareholder, for such consideration as may be agreed between them, failing which the trustees shall be deemed to have given a Transfer Notice in respect of the shares in accordance with article 16.2.
- 16. TRANSFER OF SHARES: PRE-EMPTION RIGHTS**
- 16.1 No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any share or any interest in any share in the Company except in accordance with this article or with the prior written consent of the Founder Shareholders.
- 16.2 Any Shareholder (or the person entitled to transfer such shares) (**Seller**) who desires to transfer any share or any interest in any share, otherwise than as permitted under article 15 above) shall give notice in writing to the Company of such desire stating the number of shares offered (**Transfer Shares**), the identity of any proposed buyer and the price or prices (if any) offered by such buyer (**Transfer Notice**) and such notice shall constitute the Company as the agent of the Seller for the sale of the Transfer Shares and the terms of this agreement and except with the consent of the Board, the Seller may not withdraw a Transfer Notice or cancel the Company's authority to sell.
- 16.3 Unless otherwise agreed in writing between the Seller and the Board, the Board (acting reasonably and taking appropriate advice from the Company's auditors or other valuation experts) shall determine the value of the Transfer Shares on the basis of the fair value of the Company as a going concern at the date of the Transfer Notice assuming a sale between a willing seller and willing buyer contracting on arm's length terms, without taking into account (as the case may be) that the Transfer Shares constitute a minority or majority interest or are of a particular class (**Transfer Price**) as follows:
- (a) where the Transfer Shares are Ordinary Shares on the basis of a sale of the Transfer Shares as a proportion of the entire issued share capital of the Company; and

- (b) where the Transfer Shares are A Ordinary Shares on the basis that the Transfer Price of the Transfer Shares shall be equivalent to their nominal value unless the fair value of the Company exceeds £1.2 million when the Transfer Shares will be entitled to a sum equal to 20% of the value over £1.2 million;

and the Board shall where practicable determine the Transfer Price within 21 days of receiving the Transfer Notice and shall forthwith upon such determination provide written details to the Seller.

- 16.4 The Company shall have first option to acquire the Transfer Shares providing it has sufficient distributable reserves and is legally able to complete the acquisition. This option must be exercised within 28 days of the determination of the Transfer Price under article 16.3.
- 16.5 Where the Company does not exercise its option under article 16.4 it shall, within 30 days of the determination of the Transfer Price under article 16.3 offer the Transfer Shares in writing to the Founder Shareholders pro-rata (as nearly as may be). The offer shall state:
 - (a) the number of Transfer Shares offered;
 - (b) the Transfer Price;
 - (c) that, if such offer is not accepted in writing within 30 days, it will be deemed to be declined; and
 - (d) that, if any Shareholder to whom such offer is given wishes to acquire Transfer Shares in excess of his proportion, he should in his reply state how many excess Shares he wishes to acquire and any unclaimed Transfer Shares shall be used in or towards satisfying claims for excess shares in the proportions in which such claims are made.
- 16.6 At the end of the 30 day period in article 16.5 the Board shall give notice in writing to the Seller and to each Shareholder who has accepted the offer to acquire Transfer Shares (**Buyer**) stating the number of Transfer Shares agreed to be acquired by each Buyer and the place and time appointed by the Board for the completion of the purchase (being not less than 7 days nor more than 28 days after the date of the notice) together with instructions as to how payment for the Transfer Shares is to be effected (which, unless otherwise agreed between the Seller and Buyer, shall be in cash on completion) (**Allocation Notice**).
- 16.7 On the date specified for completion of the transfer in the Allocation Notice:-
 - (a) the Seller shall deliver, or procure that there is delivered to each Buyer, a duly completed share transfer form transferring the legal and beneficial ownership of the relevant Transfer Shares, together with the share certificates and such other documents as the Buyer may reasonably require to show good title to the shares, or to enable him to be registered as the holder of the shares as applicable;
 - (b) the Buyer shall pay the Transfer Price in accordance with the instructions in the Allocation Notice.
- 16.8 The Transfer Shares shall be sold with full title guarantee.
- 16.9 If the Seller defaults in transferring shares, the Company may receive the Transfer Price and the Board may authorise some person to execute a transfer of the Transfer Shares in favour of the Buyer(s), and may cause the name of the Buyer(s) to be entered in the register of members of the Company as the holder of the Transfer Shares, and the Company shall hold the purchase money in a separate bank account on trust for the Seller but shall not be bound to earn or pay interest on any money so

held. The receipt of the Company for the purchase money shall be a good discharge to the Buyer and after his name has been entered in the register of members of the Company, in purported exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person. The Seller shall in such case be bound to deliver up his certificate for the said shares, and on such delivery shall be entitled to receive the Transfer Price, without interest, and if such certificate shall comprise any shares which he has not become bound to transfer as aforesaid the Company shall issue to him a balance certificate for such shares.

- 16.10 If all the shares comprised in a Transfer Notice shall not be allocated under articles 16.4 to 16.6 or if through any fault of a Buyer, the purchase of any shares in respect of which an Allocation Notice has been given shall not be completed in accordance with the terms thereof, the Seller shall at any time within six calendar months of either the last date for allocation under article 16.6 or the expiration of the date specified for completion in the Allocation Notice as the case may be, be at liberty, subject to any other provisions of these articles, to transfer the shares not so allocated or the purchase of which shall not have been so completed to any person identified in the Transfer Notice and at any price not being less than the Transfer Price provided that the Board shall be entitled to refuse registration of the proposed transferee if he is believed by the Board to be a competitor or connected with any competitor of any business of the Company or a nominee of such person or that the Board otherwise believe that the transfer to such person would be detrimental to the Company.
- 16.11 During any period after the service of a Transfer Notice, but prior to the completion of the transfer of the shares, the Seller shall remain entitled to any dividends or interest payable in respect of his shareholding, but shall not otherwise be entitled to vote or be counted in a quorum of any meeting of shareholders or of the holders of any class of securities therein or to join any appointment and (subject to statutory provisions) such shareholding shall not be counted in calculating the shares in issue for the purposes of such meeting or appointment, approval or consent.
- 16.12 The directors shall refuse to register any proposed transfer of a share other than a transfer made pursuant to these articles.

17. TRANSFER OF SHARES: EVENTS OF DEFAULT

- 17.1 A Shareholder is deemed to have served a Transfer Notice under Article 16.1 immediately before any of the following events of default:
- (a) his death; or
 - (b) where the Shareholder is an individual, a bankruptcy order being made against him, or an arrangement or composition being made with his creditors, or where he otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors; or
 - (c) where the Shareholder is a corporate entity, any action being taken in relation to a proposed liquidation, winding up, administration or administrative receivership of the Shareholder or the Shareholder entering into any composition or arrangement with its creditors or being unable to pay its debts as they fall due for the purposes of section 123 of the Insolvency Act 1986; a change of control (as control is defined in section 1124 of the Corporation Tax Act 2010) of the Shareholder; or any chargor taking any step to enforcing any charge created over any shares held by the shareholder in the Company; or a process having been instituted that could lead to the shareholder being dissolved and its assets being distributed among the shareholder's creditors, shareholders or other contributors; or the shareholder ceasing to carry on its business or substantially all of its business; or
 - (d) if he suffers from mental disorder and is admitted to hospital or becomes a patient for any purpose and any enactment relating to mental health; or

- (e) if he commits a material breach of any obligation under these Articles or any Shareholder's Agreement and fails to remedy such breach within 14 days of notice to remedy the breach being served by the Founder Shareholders; or
 - (f) if a Shareholder who is a director of, employed by or works for or provides services to the Company, ceases to be a director of, employed by or work for or provide services to the Company.
- 17.2 In the event of a Transfer Notice being served at any time pursuant to article 17.1(f) where the Shareholder in question is a Bad Leaver, the value of the Transfer Shares shall be the lower of the Transfer Price determined in accordance with Article 16.3 or the nominal value of the Transfer Shares.
- 17.3 If a Founder Shareholder serves a Transfer Notice under article 16.1, or is deemed to have served a Transfer Notice under article 17.1, any Permitted Transferee of that Founder Shareholder to whom shares have been transferred in accordance with article 15 is also deemed to have served a Transfer Notice in respect of all his shares on the same date as the Founder Shareholder's Transfer Notice is served or is deemed to have been served (in the case of a deemed Transfer Notice).
- 17.4 The deemed Transfer Notice has the same effect as a Transfer Notice, except that:
 - (a) the deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer;
 - (b) if the shares are not sold in accordance with Article 16, the Seller does not have the right to sell the shares to a third party; and
 - (c) on the completion of any sale in accordance with this clause, the Buyer is not required to procure the discharge of any security given by the Seller or to procure the release of any debts of the company to him.
- 18. TRANSFER OF SHARES: DRAG ALONG RIGHTS**
- 18.1 If all of the Founder Shareholders (**Selling Shareholders**) wish to transfer their shares to a bona fide arms length purchaser (**Third Party Purchaser**) the Selling Shareholders shall have the option but not the obligation to require all other Shareholders (**Called Shareholders**) to sell and transfer all their shares to the Third Party Purchaser in accordance with the provisions of this article 18.
- 18.2 The Selling Shareholders may exercise the option in article 18.1 above at any time before the transfer of the Sellers' Shares to the Third Party Purchaser by serving a written notice to that effect on the Called Shareholders and such notice (**Drag Along Notice**) shall specify the person to whom the shares are to be transferred, the consideration and other terms of the sale (which shall be the same as agreed between the Sellers Shareholders and the Third Party Purchaser) and the proposed date of transfer. The provisions of article 16 shall apply in relation to the mechanics of the sale of the Sellers' Shares to the Called Shareholders save that the purchase price will be payable on the same terms as that agreed with the Third Party Purchaser.
- 18.3 Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 18.4 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless all of the Called Shareholders and the Selling Shareholders agree otherwise.
- 18.5 Upon any person, following the issue of a Drag Along Notice, becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the

Company, a Drag Along Notice shall be deemed to have been served upon him on the same terms as the previous Drag Along Notice and he shall thereupon be bound to sell and transfer all such shares acquired by him to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this article 18 shall apply to him.

19. TRANSFER OF SHARES : TAG ALONG RIGHTS

- 19.1 The provisions of this article 19 shall apply if the Founder Shareholders (**Sellers**) propose to transfer to a bona fide purchaser on arm's length terms (**Buyer**) an interest in shares giving such purchaser a Controlling Interest (**Proposed Transfer**).
- 19.2 Before making a Proposed Transfer, the Sellers shall procure that the Buyer makes an offer (**Offer**) to all other Shareholders to purchase all of shares held by them for a consideration in cash per share that is at least equal to the price per Share offered by the Buyer in the Proposed Transfer (**Specified Price**).
- 19.3 The Offer shall be in writing and specify
- (a) the identity of the Buyer
 - (b) the Sale Price for the shares subject to the Offer (which shall be payable in cash in full on completion);
 - (c) the period in which it is open for acceptance (being at least 14 days) and shall be deemed to be rejected by any shareholder who has not accepted it in accordance with its terms within such period; and
 - (d) the proposed date of completion.
- 19.4 If the Buyer fails to make the Offer in accordance with article 19.3, the Sellers shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares affected in accordance with the Proposed Transfer.

DECISION MAKING BY SHAREHOLDERS

20. POLL VOTES

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

21. PROXIES

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

ADMINISTRATIVE ARRANGEMENTS

22. MEANS OF COMMUNICATION TO BE USED

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

- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted ;
- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- (c) if properly addressed and sent or supplied by electronic means, one hour(s) after the document or information was sent or supplied; and
- (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

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

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

23. INDEMNITY

- 23.1 Subject to article 23.2 but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

- (i) in the actual or purported execution and/or discharge of his duties, or in relation to them; and

- (ii) in relation to the activities of the Company (or any activities of an associated company) as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company (or any affairs of an associated company); 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 23.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

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

- 23.3 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.

- 23.4 In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

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