



**NEW  
ARTICLES OF ASSOCIATION  
of**

**FROG SYSTEMS LIMITED**

**(Formerly YOUR HEALTH MATTERS GROUP LIMITED, HEALTH MATTER GROUP LIMITED  
and RECOVERY WORLD (UK) LIMITED)**

**SC491139**

163 Bath Street  
Glasgow  
G2 4SQ  
[www.kerganstewart.co.uk](http://www.kerganstewart.co.uk)

**THE COMPANIES ACTS 2006  
PRIVATE COMPANY LIMITED BY SHARES**

**NEW  
ARTICLES OF ASSOCIATION**

**of**

**FROG SYSTEMS LIMITED  
(Registered Number SC491139)**

(Adopted pursuant to Written Resolution dated 6 March 2019)

**PART A**

**1. DEFINITIONS**

In the Articles, unless otherwise specified or the context otherwise requires:-

1.1 the following words and expressions shall have the following meanings:-

“2006 Act”	the Companies Act 2006;
“acting in concert”	the meaning set out in the City Code on Takeovers and Mergers for the time being;
“Approved Options”	options granted by the Company (whether before or after the date of adoption of these Articles) to employees of the Company in respect of the Option Pool;
“Board”	the board of directors of the Company or a validly appointed committee of the directors of the Company;
“Business Day”	any day (other than a Saturday or Sunday) on which clearing banks are open in London for normal banking business;
“Change of Control”	the obtaining of control (within the meaning given to that expression by section 1124 of the Corporation Tax Act 2010) of the Company by any person or persons, not being a Shareholder at the date of this Agreement (whether acting individually or in concert);
“Deemed Transfer Notice”	the meaning given at Article 9.2;
“Fair Value”	the value determined by the Valuers in accordance with Article 10;
“Family Company”	a company, limited liability partnership, limited partnership or other corporate entity

	controlled by a Shareholder or a Family Member or Family Members or a Family Trust of that Shareholder;
“Family Member”	the wife, husband or civil partner (or widow, widower or surviving civil partner), children and grandchildren (including step, adopted children and grandchildren and their issue) of the Shareholder;
“Family Trust”	as regards a Shareholder a trust (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no beneficial interest in any of the Shares in question is for the time being vested in any person other than the relevant Shareholder and/or Family Members of the relevant Shareholder and/or beneficiaries nominated by the settlor of the trust (and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of 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);
“Group”	in relation to a company, that company, its subsidiary undertakings and any holding company (as both are defined in the 2006 Act) from time to time and references to “member of the Group” and “Group Company” shall be construed accordingly;
“Model Articles”	the Model Articles for Private Companies Limited by Shares as contained in Schedule 1 to the Companies (Model Articles) Regulations 2008 as in force at the date of adoption of the Articles and as set out in Part B of the Articles;
“Option Pool”	1,360,579 Ordinary Shares;
“Ordinary Shares”	the Ordinary Shares of £0.000001 each in the capital of the Company;

“Permitted Transferee”	any Family Member or Related Company (as that term is defined in Article 6.2);
“Seller”	a Shareholder who wishes, or is required, to transfer Shares or any beneficial interest therein to a person to whom Article 6 does not apply;
“Share”	any share forming part of the share capital of the Company;
“Shareholder”	a holder of Shares;
“Shareholder Majority”	Shareholders holding more than 75% by nominal value of the Shares held by all the Shareholders at the relevant time (whether through nominees or otherwise);
“Tag Along Offer”	an unconditional offer, open for acceptance for not less than 15 Business Days, to purchase Shares at a price per Share equal to the highest price per share (exclusive of stamp duty) paid or to be paid by any transferee referred to in Article 8.1 (or any person with whom such transferee is connected with or with whom such transferee is acting in concert) for Shares (inclusive of the Shares giving rise to the obligation to make the Tag Along Offer);
“Transfer Event”	the meaning given to that term in Article 9;
“Transfer Notice”	the meaning given to that term in Article 7.1;
“Transfer Price”	in relation to a Transfer Notice given under a voluntary transfer pursuant to Article 7, the price stated in the Transfer Notice or as otherwise determined in accordance with Article 10, or in the case of a Deemed Transfer Notice as determined in accordance with Article 9;
“Valuers”	a professional adviser with experience in valuing private companies carrying on the same activities as the Company and the other members of the Group to be appointed by in accordance with Article 10.1;
1.2	references to any statute or statutory provision include, unless inconsistent with the context, a reference to that statute or statutory provision as modified, re-enacted or consolidated and in force from time to time, whether before or after the date of these Articles;
1.3	where the word “address” appears in these Articles it is deemed to include postal address and, where applicable, electronic address (being any address or number used for the purposes of sending or receiving documents or information by electronic means);

- 1.4 references to a person include any individual, firm, body corporate, unincorporated association or partnership;
- 1.5 references to the plural will include the singular and vice-versa;
- 1.6 headings are for convenience only and do not affect the construction or interpretation of these Articles;
- 1.7 save as otherwise specifically provided in this Part A, words and expressions which have particular meanings in the Model Articles shall have the same meaning in these Articles subject to which and unless the context otherwise requires, words and expressions which have a particular meaning in the 2006 Act shall have the same meaning in the Articles.

## **2. MODEL ARTICLES**

- 2.1. The Model Articles shall, insofar as not amended by or inconsistent with this Part A of the Articles, apply to the Company.
- 2.2. Articles 11(2), 13, 14, 23 and 26(5) of the Model Articles shall not apply to the Company.

## **3. SHARE CAPITAL**

- 3.1. The share capital of the Company at the date of adoption of these Articles is divided into 7,709,949 Ordinary Shares.

### *Voting*

- 3.2. Subject to any restrictions for the time being attached to any Shares pursuant to Article 7.13, at general meetings of the Company on a show of hands every member holding Shares who is present in person or by proxy (or in the case of a corporation by a duly authorised representative not being himself a member entitled to vote) shall have one vote and, on a poll, every member shall have one vote for each Share of which he is the holder. The holders of the Shares shall be "eligible members" of the Company for the purposes of any written resolution.

### *Capital*

- 3.3. On a return of assets on liquidation or otherwise, any sums available for distribution (after payment of the Company's liabilities) shall belong to and be distributed among the holders of the Shares rateably according to the amounts paid up or credited as paid up (including any premium) on the Shares held by them respectively.

### *Dividend*

- 3.4. The profits of the Company available for distribution, and which the Company may decide to distribute by way of dividends, shall be distributed among the holders of the Shares *pari passu* amongst them.

### *Redemption*

- 3.5. The Shares shall not be redeemable.

### *Trusts*

- 3.6. The Company shall be entitled, but shall not be bound, to recognise in such manner and to such extent as it may think fit any trusts in respect of any Shares. Notwithstanding any such recognition, the Company shall not be bound to see to the execution, administration or observance of any trust (whether express, implied or constructive) in respect of any Shares and shall be entitled to recognise and give effect to the acts and deeds of the holders of such Shares as if they were the absolute owners thereof. For the purposes of this article, "trust" includes any right thereto in respect of any Shares other than an absolute right thereto in the holder thereof for the time being or such other rights in case of transmission thereof as are mentioned in the Model Articles.

#### **4. ALLOTMENT OF SHARES**

- 4.1 The Directors shall not allot any Shares unless notice in writing is given to each Shareholder specifying the number and classes of Shares which are proposed to be issued, the consideration payable on the Shares, and any other material terms or conditions of the proposed issue. Each Shareholder shall be entitled to subscribe for Shares in the respective proportions (as nearly as may be) that their existing holdings of Shares bear to the total number of Shares then in issue ("Proportionate Entitlement"). It shall be open to each such Shareholder to specify if he/it is willing to subscribe for Shares in excess of his/its Proportionate Entitlement ("Additional Shares") and, if the Shareholder does so specify, he/it shall state the number of Additional Shares.
- 4.2 The notice specified in Article 4.1 shall invite each Shareholder to state, in writing within 10 Business Days from the date of such notice whether he/it will subscribe for any Shares, and if so, how many Shares.
- 4.3 Within 3 Business Days of the expiry of the invitation made pursuant to the notice given under Article 4.1 the Board shall allocate the Shares in the following manner:
- 4.3.1 if the total number of Shares applied for is less than the available number of Shares to be issued the Company shall allocate the number applied for in accordance with the applications and may dispose of any Shares not accepted by the Shareholders in such manner as they think most beneficial to the Company provided that such Shares shall not be disposed of on terms that are more favourable to the allottee than the terms on which they were offered under this Article 4; or
- 4.3.2 if the total number of Shares applied for is equal to or more than the available number of Shares to be issued, each Shareholder shall first be allocated his/its Proportionate Entitlement (or such lesser number of Shares to be issued for which he/it may have applied) and thereafter any Shares not allocated shall be applied towards the satisfaction of applications for Additional Shares which shall be allocated in accordance with such applications or, in the event of competition, to each Shareholder willing to subscribe for Additional Shares in proportion (as nearly as may be) to the proportion which the Shares held by a Shareholder bear to the total number of Shares held by all Shareholders applying for Additional Shares provided that any Shareholder shall not be allocated more Additional Shares than he/it shall have stated himself willing to take.
- 4.4 The provisions of Articles 4.1 to 4.3 (inclusive) shall not apply to (and the Board may give effect to) any allotments of Shares:
- 4.4.1 to satisfy the exercise of Approved Options; and/or

4.1.1 approved in advance by a Shareholder Majority.

4.5 Pursuant to the 2006 Act, all statutory rights of pre-emption shall be excluded from applying to the Company.

## **5. SHARE TRANSFERS, GENERAL**

5.1 Subject to the provisions of Article 6, no transfer of any Share shall be made or registered unless such transfer complies with the provisions of these Articles.

5.2 The provisions of Article 8 shall not be capable of being applied unless the provisions of Article 7 shall have first been applied or waived in writing by a Shareholder Majority.

## **6 PERMITTED TRANSFERS**

6.1 Notwithstanding the provisions of any other Article, the transfers set out in this Article 6 shall be permitted without restriction and the provisions of Articles 7 and 8 shall have no application.

6.2 Any Shareholder who is a body corporate may transfer any of its Shares (without restriction as to price or otherwise) to any other body corporate which is for the time being in its Group (each such body corporate being a "Related Company") but if a Related Company shall cease to be a Related Company it shall, within 15 Business Days of so ceasing, transfer the Shares held by it to such body first holding the relevant Shares or any Related Company of such body and failing such transfer the Shareholder shall be deemed to have given a Transfer Notice pursuant to Article 9.

6.3 Any Shareholder who is an individual may transfer any Shares (without restriction as to price or otherwise) to a Family Member of that Shareholder provided that if the Family Member ceases to be a Family Member they shall, within 15 Business Days of so ceasing, transfer the shares held by them to the original Shareholder or another Family Member or a Family Trust of that original Shareholder and failing such transfer the Family Member shall be deemed to have given a Transfer Notice pursuant to Article 9.

6.4 Any Shareholder who is an individual may transfer any Shares (without restriction as to price or otherwise) to a Family Trust.

6.5 Any Shareholder who is an individual or a Family Trust may transfer any Shares (without restriction as to price or otherwise) to a Family Company.

6.6 Following the death of a Shareholder the personal representatives of the deceased Shareholder may transfer any of the Shares held by that Shareholder at the date of death (without restriction as to price or otherwise) to a Family Member of that Shareholder or to a Family Trust.

6.7 The trustees of any Family Trust which holds Shares as a result of a transfer of Shares permitted by or effected in accordance with these Articles, or an issue of Shares to the trustees of a Family Trust in respect of its shareholding (approved pursuant to or effected in accordance with these Articles) or a new issue approved by a Shareholder Majority, may at any time transfer Shares (a) to new or additional trustees of that trust and (b) to a beneficiary of the trust; provided that if the trustee ceases to be a trustee of that trust with no new or additional trustee having been appointed, then within 15 Business Days of so ceasing, the Shares held by that Trust shall be transferred to the original Shareholder or another Family Member or a Family Trust of that original Shareholder and failing which the trustees shall be deemed to have given a Transfer Notice pursuant to Article 9.

- 6.8 Any Shareholder may at any time transfer all or any of his Shares to any other person with the prior written consent of a Shareholder Majority.
- 6.9 Any Shares may be transferred pursuant to Article 8.
- 6.10 Any Shareholder may transfer any Shares of one class (without restriction as to price or otherwise) to any other holder of Shares of the same class.

## 7 VOLUNTARY TRANSFERS

- 7.1 Except as permitted under Article 6 any Seller who wishes to transfer shares shall give notice in writing (the "Transfer Notice") to the Company of his wish specifying:
- 7.1.1 the number of shares (the "Sale Shares") which he wishes to transfer;
  - 7.1.2 if he wishes to transfer the Sale Shares to a third party, the name of the third party;
  - 7.1.3 the price at which he wishes to transfer the Sale Shares (the "Transfer Price"); and
  - 7.1.4 whether the Transfer Notice is conditional on all, or a specific number, of the Sale Shares being sold in which case no Sale Shares can be sold unless offers are received for all or the minimum number (as applicable) of the Sale Shares.
- 7.2 Once given, a Transfer Notice or Deemed Transfer Notice may not be withdrawn unless the Seller is obliged to procure the making of an offer under Article 8 or a Shareholder Majority approves such withdrawal by the Seller. In the event of a Transfer Notice being withdrawn the Seller shall bear all costs relating to such Transfer Notice or Deemed Transfer Notice.
- 7.3 The Transfer Notice shall constitute the Directors the agents of the Seller for the sale of the Sale Shares at the Transfer Price.
- 7.4 As soon as reasonably practicable (but within 15 Business Days) following receipt by the Company of a Transfer Notice or, in the case of a Deemed Transfer Notice, once the Fair Value has been determined in accordance with Article 10, the Directors shall give notice to all of the Shareholders holding shares of the same class as the Sale Shares (other than the Seller) stating the Transfer Price, or in the case of a Deemed Transfer Notice the value of the Sale Shares as determined in accordance with Article 10 (which shall be the Transfer Price), inviting them to notify the Company in writing within 15 Business Days from the date of such notice (the "Class Offer Period") confirming the maximum number of Sale Shares they wish to purchase.
- 7.5 It shall be open to each Shareholder to specify if he is willing to purchase Sale Shares in excess of his "Class Proportionate Entitlement" (being the proportion (as nearly as may be) that their existing holdings of shares of the same class as the Sale Shares bears to the total number of Shares of that class other than those held by the Seller) ("Class Excess Sale Shares") and, if the Shareholder does so specify, he shall state the number of Class Excess Sale Shares.
- 7.6 Within 3 Business Days of the expiry of the Class Offer Period the Board shall allocate the Sale Shares in the following manner:
- 7.6.1 the total number of Sale Shares applied for is less than the available number of Sale Shares the Company shall, subject to Article 7.1.4, allocate the number applied for in accordance with the applications; or

7.6.2 if the total number of Sale Shares applied for is equal to or more than the available number of Sale Shares, then each Shareholder shall first be allocated his Class Proportionate Entitlement (or such lesser number of Sale Shares for which he may have applied) and thereafter any Sale Shares remaining unallocated shall be applied towards the satisfaction of any applications for Class Excess Sale Shares which shall be allocated in accordance with such applications or, in the event of competition, as nearly as may be to the proportion which shares of the same class as the Sale Shares held by a Shareholder bear to the total number of shares of the same class as the Sale Shares held by all Shareholders applying for Class Excess Sale Shares provided that any Shareholder shall not be allocated more Class Excess Sale Shares than he/it shall have stated himself willing to take;

and in either case the Company shall forthwith give notice of each such allocation (an "Allocation Notice") to the Seller and each of the persons to whom Sale Shares have been allocated (a "Class Applicant") and shall specify in the Allocation Notice the place and time (being not later than 10 Business Days after the date of the Allocation Notice) at which the sale of the Sale Shares shall be completed.

7.7 The Seller shall be bound, on payment of the Transfer Price, to transfer the Sale Shares comprised in the Allocation Notice to the Class Applicants free from any lien, charge or encumbrance. If the Seller makes default in so doing any Director shall forthwith be deemed to be the duly appointed attorney of the Seller with full power to execute, complete and deliver a transfer of the relevant Sale Shares and any Director may receive and give a good discharge for the purchase money on behalf of the Seller and (subject to the transfer being duly stamped) enter the name of the Class Applicant in the register of members. The Board shall forthwith pay the Transfer Price into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Seller until he shall deliver up his certificate(s) for the relevant Shares (or an indemnity in respect of any lost certificate) to the Company when he shall thereupon be paid the Transfer Price.

7.8 If after full application of the provisions of the provisions of Articles 7.4 to 7.7 there shall remain any Sale Shares which have not been purchased by Class Applicants, the Directors shall, as soon as reasonably practicable (but within 15 Business Days) following completion of such full application give notice to all of the remaining Shareholders (other than the Seller and Shareholders holding shares of the same class as the Sale Shares) ("Relevant Shareholders") stating the Transfer Price, or in the case of a Deemed Transfer Notice the value of the Sale Shares as determined in accordance with Article 10 (which shall be the Transfer Price), inviting them to notify the Company in writing within 15 Business Days from the date of such notice (the "Offer Period") confirming the maximum number of Sale Shares they wish to purchase.

7.9 It shall be open to each Shareholder to specify if he is willing to purchase Sale Shares in excess of his Proportionate Entitlement being the proportion which the number of Shares held by that Relevant Shareholder bears to the total number of Shares held by all Relevant Shareholders ("Excess Sale Shares") and, if the Shareholder does so specify, he shall state the number of Excess Sale Shares.

7.10 Within 3 Business Days of the expiry of the Offer Period the Board shall allocate the Sale Shares in the following manner:

7.10.1 the total number of Sale Shares applied for is less than the available number of Sale Shares the Company shall, subject to Article 7.1.4, allocate the number applied for in accordance with the applications; or

7.10.2 if the total number of Sale Shares applied for is equal to or more than the available number of Sale Shares, each Shareholder shall be first be allocated his Proportionate Entitlement (or such lesser number of Sale Shares for which he may have applied) and thereafter any Sale Shares remaining unallocated shall be applied towards the satisfaction of any applications for Excess Sale Shares which shall be allocated in accordance with such applications or, in the event of competition, as nearly as may be to the proportion which Shares held by a Relevant Shareholder bear to the total number of Shares held by all Relevant Shareholders applying for Excess Sale Shares provided that any Shareholder shall not be allocated more Excess Sale Shares than he/it shall have stated himself willing to take;

and in either case the Company shall forthwith give notice of each such allocation (an "Allocation Notice") to the Seller and each of the persons to whom Sale Shares have been allocated (a "Member Applicant") and shall specify in the Allocation Notice the place and time (being not later than 10 Business Days after the date of the Allocation Notice) at which the sale of the Sale Shares shall be completed.

7.11 The Seller shall be bound, on payment of the Transfer Price, to transfer the Sale Shares comprised in the Allocation Notice to the Member Applicants free from any lien, charge or encumbrance. If the Seller makes default in so doing any Director shall forthwith be deemed to be the duly appointed attorney of the Seller with full power to execute, complete and deliver a transfer of the relevant Sale Shares and any Director may receive and give a good discharge for the purchase money on behalf of the Seller and (subject to the transfer being duly stamped) enter the name of the Member Applicant in the Company's register of members. The Board shall forthwith pay the Transfer Price into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Seller until he shall deliver up his certificate(s) for the relevant Shares (or an indemnity in respect of any lost certificate) to the Company when he shall thereupon be paid the Transfer Price.

7.12 If the provisions of Article 7.1.4 apply or where any Transfer Notice is deemed to have been given in accordance with these Articles and if the total number of Shares applied for by Member Applicants is less than the number of Sale Shares the Directors may within 7 days of the date of the Allocation Notice determine (with the approval of a majority of the Directors) that the Company shall (if it is permitted to do so under the Act) purchase some or all of the Sale Shares. The Directors shall have a period of 60 days from the date of any such determination by the Directors to obtain any necessary consents and authorities for any such purchase by the Company and to complete the purchase by the Company of the Sale Shares. In the event of all of the Sale Shares not being sold under the preceding paragraphs of this Article 7 the Seller may, at any time within 3 months after receiving confirmation from the Company that the provisions herein contained have been exhausted, transfer all the Sale Shares (if Article 7.1.4 does apply) or any Sale Shares which have not been sold (if Article 7.1.4 does not apply) to any person or persons at any price not less than the Transfer Price.

7.13 The holders of any Shares which are subject of a Transfer Notice or Deemed Transfer Notice shall be entitled to receive notice of and attend general meetings of the Company but shall have no right to:

7.13.1 vote in respect of the Sale Shares; or

7.13.2 participate in any offer of Shares from any other member in accordance with these Articles;

and Model Article 37 shall be modified accordingly.

## 8 TAG ALONG AND DRAG ALONG

### Tag along

- 8.1 If in one or a series of related transactions, one or more Sellers propose to transfer any Shares for value which would, if completed, result in the transferee together with persons acting in concert or connected with that transferee obtaining an interest (as defined in section 820 to 825 of the 2006 Act) in Shares conferring in aggregate more than 75% of the voting rights normally exercisable at a general meeting of the Company, the Seller or Sellers shall (unless such transfer is a transfer to a Permitted Transferee) before making such transfer procure that the proposed transferee of the Seller's Shares makes a Tag Along Offer to all of the Shareholders.
- 8.2 The Tag Along Offer shall set out:
- 8.2.1 the identity of the purchaser of the Shares referred to in Article 8.1;
  - 8.2.2 the purchase price ("Tag Along Price") including the calculation of any element not payable in cash and other terms and conditions of payment;
  - 8.2.3 the proposed date of sale; and
  - 8.2.4 the number of Shares proposed to be purchased.
- 8.3 The Tag Along Offer shall be given by written notice at least 30 Business Days before the proposed sale date.
- 8.4 Every Shareholder, on receipt of a Tag Along Offer, shall be bound within 15 Business Days of the date of such offer (which date shall be specified therein) (the "Offer Period") either to accept or reject such offer in writing (and in default of so doing shall be deemed to have rejected the offer). If a Tag Along Offer is not made the Seller or Sellers shall not be entitled to complete the proposed sale and the Board shall not register any transfer to effect the sale.
- 8.5 If the Tag Along Offer is accepted by any Shareholder within the Offer Period, the completion of the proposed transfer shall be conditional upon the purchase of all the Shares held by such accepting Shareholders.
- 8.6 In the event of disagreement as to the calculation of the Tag Along Price such shall be referred to the Valuers for determination applying the terms of Article 10 *mutatis mutandis*.

### Drag along

- 8.7 If the holders of more than 75% of the Shares (in this Article 8 the "Dragging Shareholders") wish to transfer their Shares to a *bona fide* arms' length purchaser (the "Buyer") (who is not a Shareholder or a Permitted Transferee of a Shareholder nor any person who is connected with any of the foregoing), then the Dragging Shareholders can require all of the other Shareholders (and any persons who would become Shareholders upon exercise of any options or other rights to subscribe for Shares which exist at the date of the Offer) (the "Called Shareholders") to sell and transfer all of their Shares to the Buyer (or as the Buyer directs) by giving notice to that effect (the "Drag Along Notice") to such Called Shareholders, such Drag Along Notice to be served not less than 30 Business Days prior to the proposed completion of the transfer of Shares to the Buyer.
- 8.8 The Drag Along Notice shall specify:

- 8.8.1 that the Called Shareholders are required to transfer all their Shares free from all liens, charges and encumbrances;
  - 8.8.2 the price (the "Drag Along Price") including the calculation of any element not payable in cash at which such shares of the Company are proposed to be transferred which shall be a price per Share equal to that offered by the Buyer to the Dragging Shareholders;
  - 8.8.3 the identity of the Buyer; and
  - 8.8.4 the proposed date of the transfer.
- 8.9 Once issued, a Drag Along Notice shall be irrevocable. A Drag Along Notice shall lapse if, for any reason, the Dragging Shareholders have not sold their Shares to the Buyer within 60 Business Days of serving the Drag Along Notice. The Dragging Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 8.10 The Called Shareholders shall be bound, on payment of the Drag Along Price to transfer the Called Shares in accordance with the Drag Along Notice at the time and place therein specified free from any lien, charge or encumbrance.
- 8.11 If the Called Shareholders (or any of them) shall make default in transferring their Shares pursuant to Article 8.10, the provisions of Article 7.7 (references therein to the Seller, Sale Shares, Allocation Notice and Member Applicant being read as references to the Shareholder making such default, the Shares in respect of which such default is made, the Drag Along Notice and the Buyer respectively) shall apply to the transfer of such Shares.
- 8.12 In the event of disagreement as to the calculation of the Drag Along Price such shall be referred to the Valuers for determination applying the terms of Article 10 *mutatis mutandis*.

## 9 **COMPULSORY TRANSFERS**

- 9.1 A "Transfer Event" means:
- 9.1.1 where any Shareholder is deemed to have given a Transfer Notice by reason of the terms of Article 6;
  - 9.1.2 where the Shareholder is an individual, going into sequestration, entering into a trust deed for creditors or similar voluntary arrangement;
  - 9.1.3 where the Shareholder is a body corporate a receiver, manager or administrative receiver being appointed over all or any part of its undertaking or assets or entering into liquidation (other than a voluntary liquidation for the purposes of a *bona fide* scheme of solvent amalgamation or reconstruction) or administration (including any provisional or interim appointment of an administrator or liquidator);
  - 9.1.4 a Shareholder attempting to deal with or dispose of any Share or any interest in it or purporting to make a transfer otherwise than in accordance with these Articles; or
  - 9.1.5 a Shareholder undergoing a Change of Control;

unless in any of the above events a Shareholder Majority notify the Company that such event is not to be treated as a Transfer Event.

- 9.2 Upon the happening of any Transfer Event, the Shareholder in question and any Permitted Transferee of such Shareholder who has derived title to Shares from them shall be deemed to have immediately given a Transfer Notice in respect of all the Shares then held by him/it (a "Deemed Transfer Notice"). A Deemed Transfer Notice shall supersede and cancel any then current Transfer Notice insofar as it relates to the same Shares except for Shares which have then been validly transferred pursuant to that Transfer Notice.
- 9.3 The Shares the subject of any Deemed Transfer Notice shall be offered for sale in accordance with Article 7 as if they were Sale Shares in respect of which a Transfer Notice had been given save that:
- 9.3.1 a Deemed Transfer Notice shall be deemed to have been given on the date of the Transfer Event or, if later, the date upon which the Shareholder Majority becomes aware that the relevant event is a Transfer Event and has notified the Company that the relevant event is a Transfer Event;
  - 9.3.2 the Sale Price shall be a price per Sale Share agreed between the Seller (or their executors or representatives) the Board and the Shareholder Majority or, in default of agreement, within 15 Business Days after the date of the Transfer Event, the Fair Value;
  - 9.3.3 the provisions of Article 7.1.4 shall not apply to a Deemed Transfer Notice; and
  - 9.3.4 the Sale Shares shall be sold together with all rights attaching thereto as at the date of the Transfer Event.

## **10 FAIR VALUE**

- 10.1 If Valuers are required to determine the price at which Shares are to be transferred pursuant to these Articles, they shall be appointed by agreement between a Shareholder Majority and the Seller. If such parties are unable to agree on the identity of the Valuers within 15 Business Days of the time it becomes apparent that a valuation is required, then the Valuer shall be appointed, on application by any of the parties, by The President of The Institute of Chartered Accountants of Scotland.
- 10.2 If the Valuers are required to determine the price at which Shares are to be transferred pursuant to these Articles, such price shall be the amount the Valuers shall, on the application of the Board (which application shall be made as soon as practicable following the time it becomes apparent that a valuation is required and the Valuers have been appointed), give their written opinion as to the price which represents a fair value for Shares as between a willing seller and a willing buyer as at the date the Transfer Notice or Deemed Transfer Notice is given.
- 10.3 The Directors shall instruct the Valuers to produce a certificate stating such value ("Fair Value Certificate") within 20 Business Days of being requested to do so.
- 10.4 In making such determination, the Valuers shall value each Sale Share as a proportion of the whole and shall not take any account of whether the Sale Shares comprise a majority or a minority interest in the Company nor the fact that transferability is restricted by these Articles. The Valuers shall otherwise value the business of the Company as a going concern by applying the principles which would be applied to a valuation of the business and assets of the Company by a valuer with expertise in valuing businesses which carries out the same activities as the Company.
- 10.5 The Valuers shall act as experts and not as arbiters and their decision shall be conclusive and

binding on the Company and all Shareholders (in the absence of fraud or manifest error).

- 10.6 The Valuer's costs in making any determination referred to them under this Article 10 shall (other than as specifically prescribed in these Articles) be borne by the Company unless the Valuers shall otherwise determine provided that if a Seller revokes a Transfer Notice such costs shall be borne by the Seller.

## **11 QUORUM FOR GENERAL MEETINGS**

The quorum for the transaction of business at a general meeting of the Shareholders shall be 2 persons who are "qualifying persons" within the meaning in section 318(3) of the 2006 Act.

## **12 APPOINTMENT OF DIRECTORS**

- 12.1 Calum James Henry Dunan shall, so long as he is the holder of Shares, be entitled to appoint himself or some other person nominated by him as a Director (and at his discretion as a director of any other Group Member) and to remove any such person from the office of Director and to appoint another person in place therefor.
- 12.2 Nicholas Christopher Kuenssberg shall, so long as he is the holder of Shares, be entitled to appoint himself or some other person nominated by him as a Director (and at his discretion as a director of any other Group Member and/or as a member of each and any committee of the Company or any Group Member) and to remove any such person from the office of Director and to appoint another person in place therefor.
- 12.3 Aldridge Capital Limited shall, so long as it is the holder of Shares, be entitled at any time to appoint one person as Director (and in their absolute discretion as a director of any other Group Member and/or as a member of each and any committee of the Company or any Group Member) and to remove any such person from the office of Director and to appoint another person in place therefor.
- 12.4 Any appointment pursuant to this Article, or removal of any Director so appointed, shall be made by notice in writing by the relevant appointer delivered to the Company at its registered office.
- 12.5 A Director appointed under this Article 12 shall automatically vacate office in the event of the relevant appointer ceasing to have the qualification required of them to have the right to appoint a director.

## **13 QUORUM FOR MEETINGS OF DIRECTORS**

The quorum for the transaction of business at a meeting of the directors shall be the Chairman, the Chief Executive and any one Director appointed by Aldridge Capital.

## **14 TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

- 14.1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the 2006 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:
- 14.1.1 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;

- 14.1.2 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;
- 14.1.3 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;
- 14.1.4 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;
- 14.1.5 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
- 14.1.6 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 2006 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 2006 Act.

## **15 DIRECTORS' CONFLICTS OF INTEREST**

- 15.1 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 2006 Act to avoid conflicts of interest ("Conflict").
- 15.2 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.
- 15.3 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.
- 15.4 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to:
  - 15.4.1 disclose such information to the directors or to any director or other officer or employee of the Company; or
  - 15.4.2 use or apply any such information in performing his duties as a director, where to do so would amount to a breach of that confidence.
- 15.5 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.

**PART B**

MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY SHARES

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#### PART 1

#### INTERPRETATION AND LIMITATION OF LIABILITY

##### **Defined terms**

1. In the articles, unless the context requires otherwise—

“articles” means the company’s articles of association;

“bankruptcy” includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

“chairman” has the meaning given in article 12;

“chairman of the meeting” has the meaning given in article 39;

“Companies Acts” means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

“director” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“distribution recipient” has the meaning given in article 31;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

“instrument” means a document in hard copy form;

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006;

“paid” means paid or credited as paid;

“participate”, in relation to a directors’ meeting, has the meaning given in article 10;

“proxy notice” has the meaning given in article 45;

“shareholder” means a person who is the holder of a share;

“shares” means shares in the company;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006;

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

### **Liability of members**

**2.** The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

**Directors' general authority**

3. Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

**Shareholders' reserve power**

4.—(1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

(2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

**Directors may delegate**

5.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions;

as they think fit.

(2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

**Committees**

6.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

(2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

**Directors to take decisions collectively**

**7.—(1)** The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.

(2) If—

(a) the company only has one director, and

(b) no provision of the articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

### **Unanimous decisions**

**8.—(1)** A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) 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.

### **Calling a directors' meeting**

**9.—(1)** Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

(2) Notice of any directors' meeting must indicate—

(a) its proposed date and time;

(b) where it is to take place; and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

(3) Notice of a directors' meeting must be given to each director, but need not be in writing.

(4) 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 not more than 7 days 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.

### **Participation in directors' meetings**

**10.—(1)** Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—

(a) the meeting has been called and takes place in accordance with the articles, and

(b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

### **Quorum for directors' meetings**

**11.**—(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

(2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.

(3) If the total number of directors 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.

### **Chairing of directors' meetings**

**12.**—(1) The directors may appoint a director to chair their meetings.

(2) The person so appointed for the time being is known as the chairman.

(3) The directors may terminate the chairman's appointment at any time.

(4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

### **Casting vote**

**13.**—(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.

(2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

### **Conflicts of interest**

**14.**—(1) If a proposed decision of the directors is concerned with an actual or proposed

transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

(3) This paragraph applies when—

- (a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;
- (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- (c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes—

- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
- (b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
- (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

#### **Records of decisions to be kept**

**15.** The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

#### **Directors' discretion to make further rules**

**16.** Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

### APPOINTMENT OF DIRECTORS

#### **Methods of appointing directors**

**17.—(1)** Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

- (a) by ordinary resolution, or
- (b) by a decision of the directors.

(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances

rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

### **Termination of director's appointment**

**18.** A person ceases to be a director as soon as—

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (e) *[paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]*
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

### **Directors' remuneration**

**19.—**(1) Directors may undertake any services for the company that the directors decide.

(2) Directors are entitled to such remuneration as the directors determine—

- (a) for their services to the company as directors, and
- (b) for any other service which they undertake for the company.

(3) Subject to the articles, a director's remuneration may—

- (a) take any form, and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

(4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.

(5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

#### **Directors' expenses**

**20.** The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

(a) meetings of directors or committees of directors,

(b) general meetings, or

(c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

### PART 3

#### SHARES AND DISTRIBUTIONS

##### SHARES

#### **All shares to be fully paid up**

**21.—**(1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.

(2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

#### **Powers to issue different classes of share**

**22.—**(1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

#### **Company not bound by less than absolute interests**

**23.** Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

#### **Share certificates**

**24.—**(1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

(2) Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued;
  - (b) the nominal value of those shares;
  - (c) that the shares are fully paid; and
  - (d) any distinguishing numbers assigned to them.
- (3) No certificate may be issued in respect of shares of more than one class.
- (4) If more than one person holds a share, only one certificate may be issued in respect of it.
- (5) Certificates must—
- (a) have affixed to them the company's common seal, or
  - (b) be otherwise executed in accordance with the Companies Acts.

### **Replacement share certificates**

**25.**—(1) If a certificate issued in respect of a shareholder's shares is—

- (a) damaged or defaced, or
  - (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.
- (2) A shareholder exercising the right to be issued with such a replacement certificate—
- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
  - (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
  - (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

### **Share transfers**

**26.**—(1) 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 the transferor.

(2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

(3) The company may retain any instrument of transfer which is registered.

(4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

(5) The directors may refuse to register the transfer of a share, and if they do so, 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.

### **Transmission of shares**

**27.—**(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.

(2) A transmittee who produces such evidence of entitlement to shares as the directors may properly require—

(a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and

(b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

(3) But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

### **Exercise of transmittees' rights**

**28.—**(1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

(2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

(3) Any transfer made or executed under this article is to be treated as if it were made or

executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

### **Transmittees bound by prior notices**

**29.** If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **Procedure for declaring dividends**

**30.—**(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

(2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.

(3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

(4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

(5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.

(6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

(7) If the directors act in good faith, they do not incur any liability to the holders of shares

conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### **Payment of dividends and other distributions**

**31.**—(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—

(a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;

(b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;

(c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or

(d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

(2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—

(a) the holder of the share; or

(b) if the share has two or more joint holders, whichever of them is named first in the register of members; or

(c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

### **No interest on distributions**

**32.** The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

(a) the terms on which the share was issued, or

(b) the provisions of another agreement between the holder of that share and the company.

### **Unclaimed distributions**

**33.**—(1) All dividends or other sums which are—

(a) payable in respect of shares, and

(b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

(3) If—

(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and

(b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

#### **Non-cash distributions**

**34.**—(1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

(2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

(a) fixing the value of any assets;

(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

(c) vesting any assets in trustees.

#### **Waiver of distributions**

**35.** Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—

(a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

## CAPITALISATION OF PROFITS

**Authority to capitalise and appropriation of capitalised sums**

**36.**—(1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution—

(a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums must be applied—

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

(5) Subject to the articles the directors may—

(a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;

(b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

(c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## PART 4

## DECISION-MAKING BY SHAREHOLDERS

## ORGANISATION OF GENERAL MEETINGS

**Attendance and speaking at general meetings**

**37.**—(1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

- (2) A person is able to exercise the right to vote at a general meeting when—
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
  - (b) that person’s vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

#### **Quorum for general meetings**

**38.** No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

#### **Chairing general meetings**

**39.**—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

- (a) the directors present, or
- (b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

#### **Attendance and speaking by directors and non-shareholders**

**40.**—(1) Directors may attend and speak at general meetings, whether or not they are shareholders.

(2) The chairman of the meeting may permit other persons who are not—

- (a) shareholders of the company, or
- (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

### **Adjournment**

**41.**—(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the chairman of the meeting must—

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

(a) to the same persons to whom notice of the company's general meetings is required to be given, and

(b) containing the same information which such notice is required to contain.

(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## VOTING AT GENERAL MEETINGS

### **Voting: general**

**42.** A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

### **Errors and disputes**

**43.**—(1) No objection may be raised to the qualification of any person voting at a general

meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

### **Poll votes**

**44.—(1)** A poll on a resolution may be demanded—

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by—

- (a) the chairman of the meeting;
- (b) the directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

(3) A demand for a poll may be withdrawn if—

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal.

(4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

#### **Content of proxy notices**

**45.—(1)** Proxies may only validly be appointed by a notice in writing (a “proxy notice”)

which—

- (a) states the name and address of the shareholder appointing the proxy;
- (b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

(2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

(3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

(4) Unless a proxy notice indicates otherwise, it must be treated as—

- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and

(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

### **Delivery of proxy notices**

**46.—**(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

(3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

(4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

### **Amendments to resolutions**

**47.—**(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

(a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and

(b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.

(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

(a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

(3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

## **PART 5**

### **ADMINISTRATIVE ARRANGEMENTS**

#### **Means of communication to be used**

**48.—**(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

(2) Subject to the articles, any notice or document to be sent or supplied to a director in

connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

(3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

### **Company seals**

**49.**—(1) Any common seal may only be used by the authority of the directors.

(2) The directors may decide by what means and in what form any common seal is to be used.

(3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

(4) For the purposes of this article, an authorised person is—

(a) any director of the company;

(b) the company secretary (if any); or

(c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

### **No right to inspect accounts and other records**

**50.** Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

### **Provision for employees on cessation of business**

**51.** The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

## **DIRECTORS' INDEMNITY AND INSURANCE**

### **Indemnity**

**52.**—(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

(a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,

(b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),

(c) any other liability incurred by that director as an officer of the company or an associated company.

(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.

(3) In this article—

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

(b) a “relevant director” means any director or former director of the company or an associated company.

### **Insurance**

**53.**—(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article—

(a) a “relevant director” means any director or former director of the company or an associated company,

(b) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant director in connection with that director’s duties or powers in relation to the company, any associated company or any pension fund or employees’ share scheme of the company or associated company, and

(c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.