

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
CYTOSWIM LTD

(registered number: 11839509)

(the "Company")

MONDAY



RM *R85DTI4G* #65
13/05/2019
COMPANIES HOUSE

(Adopted by Written Special Resolution dated 3rd April 2019)

1. APPLICATION OF MODEL ARTICLES

- 1.1 The model articles of association for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended at the date of adoption of these articles ("**the Model Articles**") shall apply to the Company save in so far as they are excluded or modified by these articles.
- 1.2 Notwithstanding that the Company is a private company, certain articles contained in the model articles of association for public companies contained in Schedule 3 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended at the date of adoption of these articles ("**the Model PLC Articles**") shall apply to the Company, but only where expressly incorporated into these articles. Where so expressly incorporated, any reference in a Model PLC Article to a "**member**" shall in these articles be deemed to be a reference to a "**shareholder**".

2. INTERPRETATION

- 2.1 Without prejudice to any other definitions contained elsewhere in these articles, the following words and expressions shall in these articles have the meanings set out or referred to opposite each respectively (unless the context otherwise requires):

"Act"	means the Companies Act 2006;
"Business Day"	means a day (other than a Saturday, Sunday or a public holiday) when clearing banks in the City of London are open for the transaction of normal banking business;
"Buyback Notice"	has the meaning given in article 11.7;
"Buyback Date"	has the meaning given in article 11.7;
"Clear Days"	in relation to a period of a notice means that period excluding the day on which the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
"Conflicting Situation"	has the meaning given in article 6;
"Conflicting Transaction"	has the meaning given in article 5;

“Connected”	has the meaning given to such word by sections 993 and 994 of the Income Tax Act 2007;
“Drag Along Notice”	has the meaning given in article 13.2;
“Drag Along Right”	has the meaning given in article 13.1;
“Dragged Shareholders”	has the meaning given in article 13.1;
“Dragged Shares”	has the meaning given in article 13.2.1;
“Dragging Majority”	has the meaning given in article 13.1;
“Eligible Director”	means a director who would be entitled to vote on the matter concerned at a meeting of directors, but excluding any director whose vote is not to be counted in respect of the matter concerned;
“Investment Fund”	means any arrangement constituting a collective investment scheme for the purpose of section 235 Financial Services and Markets Act 2000 (as amended or reenacted for the time being) or which would constitute such a scheme if it did not fall within an exemption or exclusion to that section;
“Shareholders’ Agreement”	means the shareholders agreement dated on or around the date of adoption of these articles between, inter alios, the University of Warwick and the Company (as amended, varied, assigned or adhered to from time to time);
“Model Articles”	has the meaning given in article 1.1;
“Model PLC Articles”	has the meaning given in article 1.2;
“New Shareholder”	has the meaning given in article 13.8;
“Offer”	has the meaning given in article 7.4;
“Offer Notice”	has the meaning given in article 11.9.3;
“Offeror”	has the meaning given in article 13.1;
“Offer Period”	has the meaning given in article 7.4.3;
“Ordinary Shares”	ordinary shares of £0.0008 each in the capital of the Company having the rights set out in these Articles
“Price”	has the meaning given in article 11.3;
“Purchaser”	has the meaning given in article 11.14;
“Qualifying Persons”	has the meaning given in section 318(3) of the Act;
“Total Transfer Condition”	has the meaning given in article 11.2;
“Transfer Notice”	has the meaning given in article 11.1;
“Transfer Shares”	has the meaning given in article 11.1;

- “Transferor”** has the meaning given in article 11.1;
- “Special Director”** means a person appointed as such under the Shareholder’s Agreement; and
- “University of Warwick”** means the University of Warwick or any successor body or nominee thereof.
- 2.2 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.
- 2.3 Any reference in these articles to any provision of any statute or to any other legislative provision shall be deemed to include a reference to any statutory or other legislative modification or re-enactment of that provision from time to time in force.
- 2.4 In these articles, where the context so permits, words importing the singular number shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter and vice versa; words importing persons shall include bodies corporate, unincorporated associations and partnerships.
- 2.5 The headings to each of the articles are inserted for ease of reference only and shall not affect the construction or interpretation of these articles.
- 2.6 A reference in these articles to an **“article”** followed by a particular number is a reference to the relevant article of these articles bearing that number. A reference in these articles to a **“Model Article”** followed by a particular number is a reference to the relevant article of the Model Articles bearing that number. A reference in these articles to a **“Model PLC Article”** followed by a particular number is a reference to the relevant article of the Model PLC Articles bearing that number.
- 2.7 Where provisions of the Model PLC Articles are expressly incorporated into these articles, words and expressions ascribed a particular meaning by the Model PLC Articles shall have the same meanings in these articles.
- 2.8 A reference in these articles to any transfer of any share shall mean the transfer of either or both of the legal and beneficial ownership in such share and/or the grant of an option to acquire either or both of such legal and beneficial ownership, and the following shall be deemed (but without limitation) to be a transfer of a share:
- 2.8.1 any direction by way of renunciation, nomination or otherwise by a person entitled to an allotment of shares to the effect that such shares or any of them be allotted to some other person; and
- 2.8.2 any sale or other disposition of any legal or equitable interest (including without limitation any voting right attached thereto) in any share.
- 2.9 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.
- 2.10 A person shall be deemed to be **“Mentally Incapable”** when, by reason of that person’s mental health:
- 2.10.1 he or she is admitted to hospital in pursuance of an application under the Mental Health Act 1983; the Mental Health (Care and Treatment) (Scotland) Act 2003; or the Mental Health (Northern Ireland) Order 1986 or any equivalent legislation in force in any jurisdiction outside the United Kingdom; or

- 2.10.2 he or she has a court of competent jurisdiction (whether or not in the United Kingdom) in matters concerning mental disorder make an order in respect of that shareholder, which wholly or partly prevents that shareholder from personally exercising any powers or rights which that shareholder would otherwise have.

3. DIRECTORS AND THEIR POWERS

- 3.1 Unless otherwise determined by ordinary resolution, the number of directors shall not be subject to any maximum.
- 3.2 Model Article 17(1) shall not apply to the Company. 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:
- 3.2.1 by ordinary resolution, or
- 3.3 by a decision of the directors.
- 3.4 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 had a bankruptcy order made against him or her (as the case may be) have the right, by notice in writing, to appoint a person who is willing to act and is permitted by law to do so to be a director. Model Article 17(2) shall not apply to the Company and the reference in Model Article 17(3) shall be deemed to be a reference to this article.
- 3.5 Model Article 5(1)(c) shall be amended by the insertion of the words “(including collaterally with or to the exclusion of their own powers)” at the end of that Model Article.
- 3.6 No alteration of the articles invalidates anything which the directors have done which would have been valid had that alteration not been made.

4. PROCEEDINGS OF DIRECTORS

- 4.1 Subject to article 4.2, the quorum for directors’ meetings shall be two Eligible Directors. Model Article 11(2) shall not apply to the Company.
- 4.2 In relation to any proposal to authorise a Conflicting Situation pursuant to article 6 (*Actual or Potential Conflicts*) if, other than the director(s) to which the Conflicting Situation relates, there is only one director in office, the quorum shall be one Eligible Director.
- 4.3 Reasonable notice must be given of director’s meetings. Model Article 9(3) shall be amended accordingly. Directors may waive their entitlement to notice of a director’s meeting at any time and in Model Article 9(4)) the words “not more than 7 days after the date on which the meeting is held” shall be deleted and replaced with the words “at any time”.
- 4.4 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting shall not have a casting vote. Model Article 13 shall not apply to the Company.
- 4.5 Model Article 8(3) shall not apply to the Company and references in Model Article 8 to “eligible directors” shall be to such term as defined in article 1.
- 4.6 If and so long as there is only one director, that sole director may act only for the purpose of filling vacancies or calling a general meeting. Model Article 7(2) shall not apply to the Company.

5. TRANSACTIONS OR ARRANGEMENTS WITH THE COMPANY

- 5.1 In accordance with sections 177 and 182 of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company (“a **Conflicting Transaction**”) must declare the nature and extent of that interest to

the other directors. However, a director need not declare an interest in a Conflicting Transaction:

- 5.1.1 if it cannot reasonably be regarded as giving rise to a conflict of interest;
 - 5.1.2 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
 - 5.1.3 if, or to the extent that, it concerns the terms of his or her service contract that have been or are to be considered by a meeting of the directors or by a committee of the directors appointed for that purpose; or
 - 5.1.4 if, or to the extent that, he or she is not aware of the Conflicting Transaction or his or her interest in it.
- 5.2 Model Articles 14(1) to 14(5) (inclusive) shall not apply to the Company. Subject to the Act and provided he or she has disclosed to the other Eligible Directors (at least one of whom must be the Special Director (if appointed)) the nature and extent of any interest of his or hers, a director who is in any way, whether directly or indirectly, interested in a Conflicting Transaction:
- 5.2.1 may continue to be interested in or party to such Conflicting Transaction;
 - 5.2.2 shall be entitled to vote at any meeting of the directors or of any committee of the directors of which he or she is a member notwithstanding that it in any way concerns or relates to such Conflicting Transaction and shall therefore be an Eligible Director for such purposes;
 - 5.2.3 shall, whether or not he or she votes, be taken into account in calculating the quorum present at any meeting at which such Conflicting Transaction is to be considered;
 - 5.2.4 may be interested in or party to that Conflicting Transaction by virtue of being a director or other officer of, or employed by, or party to a transaction or arrangement with or otherwise interested in, any holding company or parent undertaking from time to time of the Company, or any subsidiary or subsidiary undertaking from time to time of the Company or of such other company or undertaking, or any other company which, in relation to the Company or such a company or undertaking, is from time to time an "associated company" (as defined in section 416 of the Income and Corporation Taxes Act 1988); and
 - 5.2.5 shall not be accountable to the Company for any benefit which he or she (or a person Connected with him or her) derives from such Conflicting Transaction and such Conflicting Transaction shall not be liable to be voided or set aside on the grounds of the director's interest nor shall the receipt of any remuneration, profit or other benefit arising from such Conflicting Transaction constitute a breach by the director of his or her duty under section 176 of the Act.

6. **ACTUAL OR POTENTIAL CONFLICTS**

- 6.1 In accordance with section 180(4)(b) of the Act, a Special Director shall not be in breach of his or her general duties to the Company:
 - 6.1.1 by virtue of the fact that he or she is an employee of the University of Warwick; or
 - 6.1.2 if or to the extent that he or she acts in accordance with the instructions of the University of Warwick.
- 6.2 Without prejudice to article 6.1 but subject to article 6.3, the directors may authorise, subject to such terms and conditions as they think fit (including as regards duration and revocation), to the fullest extent permitted by law, any matter or situation which would or might otherwise result in a director infringing his or her duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or a conflict of duties) including the director accepting

or continuing in any office, employment or position in addition to his or her office as a director of the Company (“a **Conflicting Situation**”).

- 6.3 Any authorisation of a Conflicting Situation pursuant to article 6.2 to be given by the directors at a meeting of the directors will be effective only if:
- 6.3.1 the meeting of the directors is duly convened in accordance with the articles;
 - 6.3.2 at such meeting any requirement as to quorum is met without counting the director or directors to whom the authorisation relates; and
 - 6.3.3 the authorisation was agreed to without any such director or directors voting, or would have been agreed to if the votes of all such directors had not been counted.
- 6.4 Where authorisation of a Conflicting Situation pursuant to article 6.2 is to be given by way of a unanimous decision of the directors in accordance with Model Article 8, the director or directors to whom the authorisation relates shall not be considered ‘eligible directors’.
- 6.5 Any Conflicting Situation which has been authorised in accordance with article 6.2 shall (unless stated otherwise in the terms of such authorisation) be given on the basis that:
- 6.5.1 the authorisation may be revoked by the directors at any time by giving the director concerned notice in writing;
 - 6.5.2 the director concerned shall not be required to disclose any confidential information relating to such Conflicting Situation to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed to him or her in relation to or in connection with that Conflicting Situation;
 - 6.5.3 the director concerned may (and shall if required by the directors) absent himself or herself from meetings or discussions of the directors at which anything relating to that Conflicting Situation will or may be discussed;
 - 6.5.4 the director concerned may (and shall if required by the directors) decline to review information provided by the Company which will or may relate to or be connected to that Conflicting Situation; and
 - 6.5.5 such authorisation shall extend to any actual or possible conflict of interest which may reasonably be expected to arise out of such Conflicting Situation so authorised.
- 6.6 Where a Conflicting Situation has been authorised by the directors pursuant to article 6.2:
- 6.6.1 the director concerned shall not, as a result of such Conflicting Situation, be accountable to the Company for any benefit for which he or she (or a person Connected with him or her) derives from such Conflicting Situation;
 - 6.6.2 any transaction to which the Company is a party shall not be liable to be voided or set aside on the grounds of the Conflicting Situation; and
 - 6.6.3 the director concerned shall not, as a result of such Conflicting Situation, breach any of the duties he or she owes to the Company by virtue of sections 171 to 176 of the Act;
- provided such director acts in accordance with any terms, limits and conditions as the directors impose in respect of such authorisation (or which are implied by the articles).
- 6.7 The fact that a Conflicting Situation has been authorised by the directors does not negate the requirement for directors to declare the nature and extent of their interest in any excising or proposed transaction or arrangement with the Company in accordance with the Act and the articles.

7. **ALLOTMENT OF SHARES**

- 7.1 Save to the extent authorised by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the Company (including the power granted by section 550 of the Act). Provided always that they have been granted such authorisation (including authorisation pursuant to section 551 of the Act) and subject to first complying with these articles (including in particular article 7.2 and 7.3), all shares shall be under the control of the directors who may allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and generally on such terms and conditions they think fit.
- 7.2 Notwithstanding any other provision of these articles, no share shall be issued to any infant or bankrupt or to any person who is Mentally Incapable, but shares may be issued to trustees for any infant or person who is Mentally Incapable.
- 7.3 Unless otherwise determined by special resolution, and subject to the following provisions of this article 7, if the Company proposes to allot any shares, those shares shall not be allotted to any person unless the Company has first offered them to all shareholders at the date of the offer (other than any person to whom under article 10 (*Prohibited Transfers*) shares may not be transferred) and at the same price and on the same terms as those shares are being offered to other persons in accordance with the following provisions of this article 7.
- 7.4 Any offer pursuant to article 7.3 (the “Offer”) shall be made by notice in writing and shall specify:
- 7.4.1 the number and class of shares offered;
- 7.4.2 the price per share at which they are offered;
- 7.4.3 the period in which the Offer can be accepted (the “Offer Period”) which shall be not less than twenty-one and not more than thirty-five days; and
- 7.4.4 the manner in which the Offer may be accepted in accordance with article 7.5.
- 7.5 The Offer may be accepted by notice in writing by the shareholder to the directors specifying the maximum number of shares which that shareholder wishes to accept (which may be all the shares being offered or some smaller number). If the notice returned by the shareholder fails to specify the number of shares which he or she wishes to accept, then, unless he or she shall within the Offer Period have submitted a further notice which does specify that number, he or she shall be deemed to have declined the Offer.
- 7.6 A valid acceptance of the Offer may not be withdrawn, and a shareholder who validly accepts the Offer shall be obliged to subscribe for any shares allocated to him or her in accordance with these articles.
- 7.7 As soon as reasonably practicable after the expiry of the Offer Period, the directors shall allot the shares so offered to or amongst the shareholders who have accepted the Offer and, in the case of competition, the shares so offered shall be allotted to those accepting in proportion (as nearly as may be without involving fractions or allotting to any shareholder a greater number of shares than the maximum number applied for by him or her) to the number of the existing shares held by them respectively.
- 7.8 Any shares not accepted pursuant to article 7.5 or not capable of being offered except by way of fractions and any shares released from the provisions of this article by special resolution shall, subject to section 551 of the Act, be at the disposal of the directors as provided for by article 7.1; provided that, in the case of shares not accepted pursuant to article 7.5 or not capable of being offered except by way of fractions:
- 7.8.1 no such shares shall be issued more than three months after the expiry of the Offer Period unless the procedure set out in articles 7.3 to 7.7 is repeated in respect of such shares (and so that the three months’ period contained in this article 7.8.1 shall apply equally to any repetition of that procedure); and

7.8.2 no shares shall be issued at a price less than that at which they were offered to shareholders pursuant to the Offer and, if the directors are proposing to issue such shares wholly or partly for a non-cash consideration, the cash equivalent of such consideration for the purposes of this article 7.8.2 shall be as reasonably determined by the auditors of the Company for the time being who shall act as experts and not as arbitrators and whose determination shall be final and binding on the Company and each of its shareholders.

7.9 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to the Company and are hereby excluded generally in relation to the allotment by the Company of equity securities (as defined in section 560(1) of the Act).

8. TRANSFER AND TRANSMISSION OF SHARES

8.1 The directors shall refuse to register a transfer of a share if it is made otherwise than in accordance with the Investment Agreement or these articles including in particular in accordance with article 8.1, article 10 (*Prohibited Transfers*) and article 11 (*Pre-Emption Rights*).

8.2 The directors may, but shall not be obliged to, refuse to register a transfer of a share if:

8.2.1 the share is not fully paid;

8.2.2 the transfer is not lodged at the Company's registered office or at such other place as the directors have appointed;

8.2.3 the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;

8.2.4 the transfer is in favour of a person or persons who is/are a minor;

8.2.5 the transfer is in respect of more than one class of share; or

8.2.6 the transfer is in favour of more than four transferees.

8.3 Subject to these articles including articles 8.1 and 8.1, the directors shall be obliged to register any transfer made in accordance with these articles.

8.4 If the directors refuse to register the transfer of a share, 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. Model Article 26(5) shall not apply to the Company.

8.5 Transfers of partly paid shares shall be signed by both the transferor and the transferee and Model Article 26(1) shall be amended by the insertion of the words "and (unless the shares to which the transfer relates are fully paid up) the transferee" at the end of that Model Article.

8.6 Model Article 27(3) shall be amended by the insertion of the words "subject to article 3.4" immediately after the word "But".

8.7 Model Article 29 shall be amended by the insertion of the words ", or the name of the person to whom the shares are to be transferred in accordance with Model Article 28" immediately after the words "given to the shareholder before the transmittee's name".

9. PERMITTED TRANSFERS

Article 8 and article 11 (*Pre-Emption Rights*) shall not apply to the transfer of any shares made in accordance with this article 9 which, unless prohibited by article 10 (*Prohibited Transfers*), shall be permitted at any time.

9.1 A transfer by a shareholder with the prior written consent of all the other shareholders.

- 9.2 A transfer by a shareholder (but not by the personal representatives of a deceased shareholder):
- 9.2.1 to his or her spouse or to any of his or her lineal descendants (not being minors); and/or
- 9.2.2 to the trustees of any trust under which no beneficial interest in the share in question is or will be at any time vested in any person other than those mentioned in article 10 (*Prohibited Transfers*) (or minors who are lineal descendants of the shareholder) and under which no power of control over the voting powers conferred by such share is or will at any time be exercisable by or be subject to the consent of any person other than such trustees or the member or any other person as aforesaid.
- 9.3 A transfer where the share or shares concerned are held in the names of a trustee or trustees, into the names of new or additional trustees on any change of trustees.
- 9.4 A transfer to a person who is the beneficial owner of the share or shares concerned (provided such person has not become the beneficial owner thereof otherwise than in accordance with these articles.
- 9.5 A transfer by a shareholder pursuant to the terms of the Shareholders' Agreement.
- 9.6 A transfer of any shares held by or on behalf of an Investment Fund:
- 9.6.1 to the Investment Fund for whom the shares are held; or
- 9.6.2 to another Investment Fund which is managed or advised by the same manager or adviser as the transferor or by a manager or adviser which is a member of the same group as the transferor's manager or adviser; or
- 9.6.3 to any unitholder, shareholder, partner or participant in, or manager or adviser (or an officer or employee, past or present, of such partner, manager or adviser) of that Investment Fund; or
- 9.6.4 to any custodian or nominee or other person so authorised, to be held solely on behalf of any person referred to in sub-paragraphs 9.6.1 to 9.6.3 above.

10. PROHIBITED TRANSFERS

Notwithstanding any other provision of these articles, no share shall be transferred to any infant or bankrupt or to any person who is Mentally Incapable.

11. PRE-EMPTION RIGHTS

This article 11 shall apply in relation to any transfer of shares other than those permitted under article 9 (*Permitted Transfers*):

- 11.1 Subject to this article 11, if any shareholder (the "**Transferor**") wishes to transfer any share or any interest therein or to enter into any agreement to do so, then he or she shall give notice in writing to the Company (a "**Transfer Notice**"), and the Company shall be constituted his agent for the purpose of such sale. The Transfer Notice may include several shares and in such case shall (unless otherwise stated in the Transfer Notice) operate as if it were a separate notice in respect of each such share (except that the operation of a Transfer Notice as a separate notice in respect of each share comprised therein shall not prejudice any Total Transfer Condition) comprised in the Transfer Notice (the "**Transfer Shares**").
- 11.2 The Transferor may specify in the Transfer Notice that he or she wishes to impose a condition ("**Total Transfer Condition**") that unless all the Transfer Shares are sold pursuant to the following provisions of this article 11, then none shall be sold), failing which the Transfer Notice

shall be deemed not to contain a Total Transfer Condition. A Transfer Notice, once given, shall not be revocable except pursuant to article 11.6.

- 11.3 The price at which each of the Transfer Shares shall be sold (the "**Price**") shall be such sum (if any) as has been nominated by the Transferor and agreed by the directors or (if there has been no such nomination or in the event of disagreement) as shall be certified in writing by the Expert (as defined in article 11.4) to be their opinion of the value of each of the Transfer Shares calculated on the following basis:
- 11.3.1 by determining the sum which a willing buyer would offer to a willing seller for all of the shares in the capital of the Company in issue on the date of the Transfer Notice;
- 11.3.2 by dividing the resultant figure by the number of shares in issue on the date of the Transfer Notice.
- 11.4 The Expert, for the purpose of this article 11, shall be the auditors of the Company for the time being (or, if they are unable to act or decline to act, an independent firm of chartered accountants agreed by the Transferor and the directors or, in the event of disagreement, selected by the President of the Institute of Chartered Accountants in England and Wales), upon the application of the Transferor or the directors. The Expert shall be appointed by the Company on such terms and conditions as the Company (acting reasonably) may agree with the Expert.
- 11.5 In so certifying the Expert shall be considered to be acting as an expert and not as an arbitrator, and accordingly the Arbitration Act 1996 shall not apply. The certificate of the Expert shall be final and binding, save in the event of manifest error. The fees of the Expert in respect thereof shall be borne by the Company. The Transferor shall execute and deliver all such documents and do all such things as the Company may reasonably require for the purpose of appointing the Expert and establishing the Price.
- 11.6 In the event of a certificate being issued as to the Price by the Expert, the Company shall promptly give notice in writing to the Transferor of the Price as so fixed, and within a period of fourteen days after service of such notice the Transferor may by further notice in writing to the Company revoke the Transfer Notice as to all (but not some only) of the Transfer Shares comprised therein.
- 11.7 The directors may within fourteen days following the date on which the Price is agreed or certified, determine that instead of being offered and capable of being purchased in accordance with the provisions of articles 11.9 to 11.15 inclusive, all of the Transfer Shares in question shall be purchased by the Company in accordance with Part 18 of the Act and give notice to each of the shareholders to that effect (a "**Buyback Notice**") and such notice shall state the number of the Transfer Shares which the Company proposes to purchase, the Price and the date on which completion of such purchase shall take place (the "**Buyback Date**").
- 11.8 Within seven days of the directors serving a Buyback Notice the directors shall proceed to convene a general meeting or circulate a written resolution to approve the purchase of all (but not some only) of the Transfer Shares in question on the terms specified in the Buyback Notice and, if required, to approve a payment in respect of the purchase otherwise than out of distributable profits or the proceeds of a fresh issue of shares and in doing so the directors shall ensure that all the requirements of the Act are expeditiously complied with. Provided that it is lawfully able to do so, the Company shall be obliged to purchase the Transfer Shares in question and the Transferor shall be obliged to sell such shares to the Company for the Price, on the basis that the sale will be made with full title guarantee and that the Price will be paid in full in cash on completion of the sale and purchase of the Transfer Shares.
- 11.9 If the Company fails to:
- 11.9.1 serve a Buyback Notice within the fourteen day period referred to in article 11.7; or
- 11.9.2 complete the purchase of the Transfer Shares on or before the Buyback Date; or
- 11.9.3 it is not lawful for the Company to make the purchase;

the Company shall within fourteen days following the circumstance referred to above notify (the “**Offer Notice**”) the shareholders (other than the Transferor) of the number of the Transfer Shares, of the Price and of whether or not the Transfer Notice contained a Total Transfer Condition, and invite each of the shareholders (other than the Transferor) to state in writing to the Company within the period (the “**Acceptance Period**”) specified in the Offer Notice (being not less than fourteen and not more than twenty-eight Clear Days) whether he or she wishes to apply to purchase any, and if so what maximum number of, the Transfer Shares.

- 11.10 Any shareholder who fails to reply to the Offer Notice within the period specified for reply therein or who fails to so specify a maximum number of shares by the end of such period shall be deemed to have declined to purchase any of the Transfer Shares.
- 11.11 If shareholders within the Acceptance Period apply for all or (except when the Transfer Notice contains a Total Transfer Condition) any of the Transfer Shares, the Company shall allocate the Transfer Shares (or (if less) as many of them as shall be applied for as aforesaid) to such shareholders and, in the event of competition, then as nearly as may be in proportion to their respective holdings of shares, save that no shareholder shall be obliged to take more than the maximum number of shares applied for by him or her.
- 11.12 If any of the Transfer Shares shall not be capable of being allocated as aforesaid without involving fractions, they shall be offered amongst those shareholders applying for them or some of them only in such proportions or in such manner as may be determined by lot drawn in such manner as the directors may specify.
- 11.13 An application made pursuant to article 11.11 may not be withdrawn, and any shareholder making such an application shall be obliged to purchase any shares allocated to him or her in accordance with these articles.
- 11.14 If the Company within a period of twenty-one days after the expiry of the Acceptance Period delivers or sends to the Transferor for execution a transfer or transfers of the Transfer Shares or (except where the Transfer Notice contains a Total Transfer Condition) some of the Transfer Shares, the Transferor shall be bound upon payment of the Price in respect thereof to deliver the said transfer or transfers duly signed to the person or persons named therein as the transferee or transferees (each a “**Purchaser**”) together with the relevant share certificate or certificates.
- 11.15 The Transferor shall be deemed to have appointed each of the directors and the secretary jointly and severally as his or her attorney to sign a transfer of all or any of the Transfer Shares to a Purchaser, should he or she fail to do so forthwith upon receipt of the Price in respect thereof, and to execute an appropriate form of indemnity should he or she fail to deliver to the Company either the relevant share certificate or certificates or such an indemnity duly executed upon payment to him or her of the Price in respect thereof. The receipt of any director or of the secretary for the purchase money shall be a good discharge to the Purchaser (in circumstances where it is paid to the Transferor by the Company on his or her behalf), and, after his or her name has been entered in the register of members in purported exercise of this power, the validity of the proceedings shall not be questioned by any person. The Purchaser or (in circumstances where it is to be paid by the Company on his behalf) the Company may pay the purchase money by posting a cheque (which shall be at the risk of the Transferor) to the Transferor at his or her address as shown in the register of members.
- 11.16 The Transferor may at any time within three months of the expiry of the time limit set out in article 11.14 sell:
- 11.16.1 if the Transfer Notice contained a Total Transfer Condition, all (but not some only) of the Transfer Shares; or
- 11.16.2 if the Transfer Notice did not contain a Total Transfer Condition, such of the Transfer Shares as have not (otherwise than by reason of default on the part of the Transferor) been transferred pursuant to this article 11 to any person for an amount in respect of each not less than the Price. Before approving any transfer, (as to which article 10 (*Prohibited Transfers*) shall apply) the directors may require the Transferor and the transferee respectively to make declarations

pursuant to the Statutory Declarations Act 1835 that the consideration paid by the transferee in respect of each of the shares in question is not less than the Price and is not subject to any deduction or rebate. If the Transferor cannot find a buyer at the Price, he or she may give a new Transfer Notice.

12. DEEMED TRANSFERS

The provisions of this article 12 shall apply to all shares.

Bankruptcy

- 12.1 A transferee entitled to a share in consequence of the bankruptcy of a shareholder shall be deemed to have given a Transfer Notice, upon the date of bankruptcy, in respect of all the shares then registered in the name of the bankrupt shareholder and in respect of all shares which the bankrupt shareholder is then entitled to have registered in his or her name. Model Articles 27 and 28 shall be modified accordingly.

Mental Incapacity

- 12.2 A shareholder who becomes Mentally Incapable shall be deemed to have given a Transfer Notice, upon the date of his or her admission to hospital or the date of any relevant order (as the case may be), in respect of all the shares then registered in his or her name and in respect of all shares which he or she is then entitled to have registered in his or her name.

Previously Permitted Transfers

- 12.3 A shareholder which is the trustee of any trust falling within article 9.2.2 (and who has acquired shares pursuant to article 9.2.2) and in respect of which the terms of such trust are amended such that it no longer falls within article 9.2.2 shall be deemed to have given a Transfer Notice, upon the date on which the terms of such trust are amended, in respect of the shares in question and in respect of any shares issued by way of bonus thereon and in respect of any shares into which the shares in question and any shares issued by way of bonus thereon may have been sub-divided, consolidated or converted).
- 12.4 A shareholder who has acquired shares pursuant to article 9.2 and in respect of whom the person by whom such shares were transferred or first transferred (as the case may be) pursuant to article 9.2 (or any intermediate transferor of such shares pursuant to article 9.2) is deemed under this article 12 to have given a Transfer Notice, shall also be deemed to have given a Transfer Notice, at the same time, in respect of the shares in question and in respect of any shares issued by way of bonus thereon and in respect of any shares into which the shares in question and any shares issued by way of bonus thereon may have been sub-divided, consolidated or converted.

Effect of a deemed Transfer Notice

- 12.5 Article 11 (*Pre-emption Rights*) shall apply in respect of any Transfer Notice deemed to be given pursuant to this article 12 but:
- 12.5.1 the shareholder who is deemed to have given such Transfer Notice shall not, notwithstanding any other provision of these articles, be entitled to revoke the Transfer Notice; and
- 12.5.2 the Transfer Notice shall be deemed not to be given subject to a Total Transfer Condition.

13. DRAG ALONG

- 13.1 If one or more shareholders holding between them not less than 80% of the total number of shares in the capital of the Company (the "**Dragging Majority**") propose to sell the legal or beneficial interest in their entire holdings of shares at an arm's length price to a person (or persons acting in concert) with whom none of them is Connected (the "**Offeror**"), the Dragging Majority shall have the option to require all the other shareholders (the "**Dragged Shareholders**") to sell and transfer their entire holdings of shares to the Offeror (or as the

- Offeror shall direct) with full title guarantee in accordance with this article 13 (the “**Drag Along Right**”).
- 13.2 The Dragging Majority may exercise the Drag Along Right by giving written notice (the “**Drag Along Notice**”) to that effect at any time before the transfer of the Dragging Majority’s shares to the Offeror. The Drag Along Notice shall specify:
- 13.2.1 that the Dragged Shareholders are required to sell and transfer their entire holdings of shares (the “**Dragged Shares**”) pursuant to this article 13;
- 13.2.2 the person to whom they are to be sold and transferred (and the Offeror, if different);
- 13.2.3 the consideration for which each of the Dragged Shares is to be transferred, which shall not be less than the aggregate consideration offered by the Offeror for the Dragging Majority’s shares, divided by the number of the Dragging Majority’s shares and for this purpose article 13.3 shall apply) and shall take the same form and shall be satisfied at the same time or otherwise on the same terms as the consideration offered by the Offeror for the Dragging Majority’s shares; and
- 13.2.4 the proposed date of transfer (which may be the date of service of the Drag Along Notice or a later date).
- 13.3 For the purposes of article 13.2:
- 13.3.1 the aggregate consideration offered by the Offeror for the Dragging Majority’s shares shall be deemed to include any consideration, in cash or otherwise which, having regard to the substance of the transaction as a whole, may reasonably be regarded as part of such consideration; and
- 13.4 the certificate of the auditors of the Company for the time being as to the value attributable to any part of the consideration offered by the Offeror which is proposed to be satisfied other than in cash shall be final and binding and in so certifying such auditors shall be considered to be acting as experts and not as arbitrators and accordingly the Arbitration Act 1996 shall not apply.
- 13.5 A Drag Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Dragging Majority do not transfer their entire holdings of shares to the Offeror or the Offeror’s nominee not later than the date specified as the date for completion of the sale and purchase of shares pursuant to acceptance of the Drag Along Right, unless the holders of at least 50% in number of the Dragged Shares and the Dragging Majority agree otherwise. The Dragging Majority may serve further Drag Along Notices if any particular Drag Along Notice lapses.
- 13.6 Subject to article 13.5, each of the Dragged Shareholders shall be bound to transfer his or her entire holding of shares in accordance with the provisions of the Drag Along Notice.
- 13.7 If any Dragged Shareholder fails to complete the sale of any of his or her shares pursuant to the Drag Along Notice or otherwise fails to take any action required of him or her under the terms of the Drag Along Right, the directors (or any of them) may authorise any person to undertake on his or her behalf any other action required under the terms of the Drag Along Right. In particular (but without limitation) the directors and the Company shall have the same rights as given to them under article 11.15.
- 13.8 If any person after the giving of a Drag Along Notice becomes a shareholder pursuant to the exercise of a pre-existing option or other right to subscribe for or otherwise acquire shares (“**a New Shareholder**”), provided that it has not lapsed, the Drag Along Notice shall be deemed also to have been served upon the New Shareholder forthwith upon him or her becoming a shareholder and the New Shareholder shall thereupon be bound to sell and transfer all such shares acquired by him or her to the Offeror or as the Offeror may direct and the provisions of this article shall apply mutatis mutandis to the New Shareholder save that, if the shares in question are acquired after the sale of the Dragged Shares has been completed, completion of the sale of the New Shareholder’s shares shall take place immediately upon him or her acquiring the shares.

14. PARTLY PAID UP SHARES, LIENS, CALLS AND FORFEITURE

- 14.1 Model Article 21 shall not apply to the Company. Subject to the articles the Company may issue shares which are nil paid, partly paid or fully paid up.
- 14.2 The Company has a lien (the "**Company's Lien**") over every share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder of the share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.
- 14.3 The Company's Lien over a share takes priority over any third party's interest in that share and extends to any dividend or other money payable by the Company in respect of that share, and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share.
- 14.4 The directors may at any time decide that a share which is or would otherwise be subject to the Company's Lien shall not be subject to it, either wholly or in part.
- 14.5 Model PLC Article 53 shall apply to the Company and shall govern the enforcement of the Company's Lien, save that:
- 14.5.1 in Model Article 53(2)(c) the word "clear" shall be inserted between the words "14" and "days"; and
- 14.5.2 in Model Article 53(4)(b) the words "a suitable indemnity" shall be deleted and replaced by the words "an indemnity in a form reasonably satisfactory to the directors" and the words "over the shares before the sale for any money payable in respect of the shares" shall be deleted and replaced by the words "for any money payable (whether payable immediately or at some time in the future) as existed upon the shares before the sale in respect of all shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders)".
- 14.6 Model PLC Article 54 shall apply to the Company and shall govern the serving of call notices, save that in Model PLC Article 54 (2)(a) the words "sum unpaid on that member's shares (whether as to the share's nominal value or any amount payable to the Company by way of a premium)" shall be deleted and replaced by the words "amount of his indebtedness or liability to the Company".
- 14.7 Model PLC Article 55 shall apply to the Company and shall govern shareholders' liability to pay calls.
- 14.8 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share on allotment; on the occurrence of a particular event; or on a date fixed by or in accordance with the terms of issue. But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.
- 14.9 Model PLC Article 57 shall apply to the Company and shall govern the automatic consequences of failure to comply with a call notice.
- 14.10 A notice of intended forfeiture:
- 14.10.1 may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
- 14.10.2 must be sent to the holder of that share (or all the joint holders of that share) or to a transmittee of that holder;

- 14.10.3 must require payment of the call and any accrued interest and all expenses that may have been incurred by the Company by reason of such non-payment by a date which is not less than 14 Clear Days after the date of the notice;
- 14.10.4 must state how the payment is to be made; and
- 14.10.5 must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.
- 14.11 Model PLC Articles 59 to 62 (inclusive) shall apply to the Company.

15. **WRITTEN RESOLUTIONS**

- 15.1 Written resolutions of the Company may be proposed by the directors in accordance with section 291 of the Act. The shareholders may require the Company to circulate a written resolution in accordance with section 292 to 295 of the Act.
- 15.2 For the purposes of section 297 of the Act, a written resolution will lapse if it is not passed before the end of such period as the directors may determine (provided such period is detailed on the copy of the resolution circulated pursuant to section 291 of the Act), but in the absence of such determination the period shall be 28 days beginning with the circulation date of the resolution.
- 15.3 In the case of a shareholder which is a body corporate, the signature of a director or the secretary and, in the case of joint holders of a share, the signature of any one of such joint holders, shall be sufficient for the purpose of signifying a shareholder's agreement to a written resolution.

16. **GENERAL MEETINGS**

- 16.1 In accordance with the Act, the Company is not required to hold an annual general meeting.
- 16.2 The quorum for general meetings shall be Qualifying Person(s) holding (or representing shareholders holding) in aggregate, a majority of the shares in the capital of the Company, provided that:
 - 16.2.1 where a person is a Qualifying Person only because he or she is authorised under section 323 of the Act to act as the representative of a corporation in relation to the meeting, and another Qualifying Person attending the meeting is also so authorised to act as a representative of the same corporation; or
 - 16.2.2 where a person is a Qualifying Person only because he or she is appointed as a proxy of a shareholder in relation to the meeting, and another Qualifying Person attending the meeting is also so appointed as a proxy of the same shareholder;that person shall not count toward the quorum but shall otherwise be permitted to take part in the meeting for all purposes.
- 16.3 Model Article 41(5) shall be amended by the insertion of the words "but otherwise it shall not be necessary to give any notice of the meeting." at the end of that Model Article.

17. **POLL VOTES**

- 17.1 A poll may be demanded by any Qualifying Person present and entitled to vote at the meeting. Model Article 44(2) shall not apply to the Company.
- 17.2 Model Article 44(3) shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made." at the end of that Model Article.

18. **PROXY NOTICES**

18.1 Proxies may only validly be appointed by a proxy notice which is delivered to the Company not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting to which they relate, in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate. Model Article 45(1) shall be amended accordingly.

18.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes. If the Company does specify a particular form of proxy notice it shall set out the form of such proxy notice in the notice convening the meeting to which the proxy notice relates. Model Article 45(2) shall be amended accordingly.

18.3 Model Article 46(4) shall be amended by the insertion of the words "satisfactory to the directors" immediately after the words "it must be accompanied by written evidence".

19. **DIVIDENDS**

19.1 For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

19.2 The total dividend pool will be calculated in the following ways:

- a) At the end of the first year, 50% of the profits available for distribution less £100,000 which shall be retained as working capital;
- b) At the end of the second year, 50% of the profits available for distribution or 5% of the total sales turnover whichever is the greatest, subject always to the total being available for distribution and £100,000 being retained as working capital;
- c) At the end of the third year, 60% of the profits available for distribution or 12% of the total sales turnover whichever is the greatest, subject always to the total being available for distribution and £100,000 being retained as working capital; and
- d) At the end of the fourth and subsequent years, 60% of the profits available for distribution or 17% of the total sales turnover whichever is the greatest, subject always to the total being available for distribution and £100,000 being retained as working capital.

19.3 If a share is subject to the Company's Lien and the directors are entitled to issue a lien enforcement notice in respect of it, they may, instead of issuing a lien enforcement notice, deduct from any dividend or the sum payable in respect of the share any sum of money which is payable to the Company to the extent that they are entitled to require payment under a lien enforcement notice. Money so deducted must be used to pay any of the sums payable in respect of that share. The Company must notify the distribution recipient in writing of the fact and amount of any such deduction; any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and how the money deducted has been applied.

20. **MISCELLANEOUS**

20.1 In the event that the Company was incorporated prior to 1 October 2009, all provisions (if any) contained in the Company's memorandum prior to 1 October 2009 which are to be treated as part of the articles by virtue of section 28 of the Act shall not apply to the Company and shall not form part of the articles.

20.2 Except as provided by law or authorised by the directors or an ordinary resolution of the Company or by these articles, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a shareholder. Model article 50 shall not apply to the Company.

20.3 Model PLC Article 44 shall apply to the Company and shall govern the payment of commissions on subscriptions for shares.

20.4 Model PLC Article 51 shall apply to the Company and shall govern the issue of share warrants.

- 20.5 Model PLC Article 69 shall apply to the Company and shall govern the procedure of disposing of fractions of shares.
- 20.6 Model Article 24(2)(c) shall be amended by the deletion of the words “that the shares are fully paid; and” and their replacement with the words “the amount or respective amounts paid up on those shares; and”.
- 20.7 Model Article 25(2)(c) shall be amended by the insertion of the words “and all reasonable expenses” immediately following the words “payment of a reasonable fee”.
- 20.8 A capitalised sum which was appropriated from profits available for distribution may be applied in or towards paying any amounts unpaid on existing shares held by the persons entitled; or 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. Model Article 36(4) shall be amended accordingly.

21. **NOTICES**

- 21.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- 21.1.1 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 (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);
- 21.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 21.1.3 if properly addressed and sent or supplied by electronic means, 24 hours after the document or information was sent or supplied; and
- 21.1.4 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.

- 21.2 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.

22. **INDEMNITY & INSURANCE**

- 22.1 Subject to the Companies Acts, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:
- 22.1.1 each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him or her as a Relevant Officer in the actual or purported execution and/or discharge of his or her duties; or in relation to them and in relation to any Relevant Company's activities 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 or her in defending any civil or criminal proceedings, in which judgment is given in his or her favour or in which he or she is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part or in connection with any application in which the court grants him or her, in his or her capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to any Relevant Company's affairs; and

22.1.2 the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him or her in connection with any proceedings or application referred to in article 22.1.1 and otherwise may take any action to enable any such Relevant Officer to avoid incurring such expenditure.

22.2 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.

22.3 Model Article 52 (save for Model Article 52(2)) and Model Article 53 shall not apply to the Company.

22.4 In this article 22:

“Relevant Company” means the Company, any holding company or parent undertaking (as defined in sections 1159 and 1162 of the Act) from time to time of the Company or in which the Company or any such holding company or parent undertaking or any of the predecessors of the Company or of any such holding company or parent undertaking has or had at any time any interest, whether direct or indirect, or which is or was at any time in any way allied to or associated with the company or any subsidiary or subsidiary undertaking (as defined in section 1159 and section 1162 of the Act) of the Company or of such other company or undertaking;

“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 any Relevant Company or any pension fund or employees’ share scheme of any Relevant Company; and

“Relevant Officer” means any director or other officer or former director or other officer of any Relevant 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 Relevant Company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).