

PRIVATE COMPANY LIMITED BY SHARES

**WRITTEN MEMBER'S RESOLUTION
of**

ORTHOSON LIMITED

Company No. 09796975

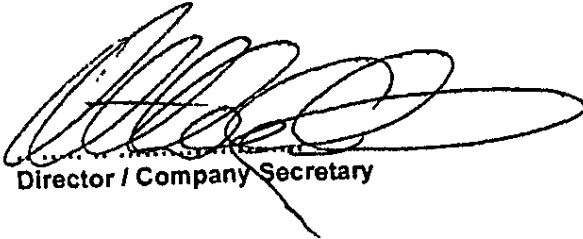
(the "Company")

Passed on. 10th March 2016

The following resolution was passed as a written resolution having effect as a special resolution of the Company pursuant to Chapter 2 of Part 13 of the Companies Act 2006 on 10th March 2016

Special Resolution

THAT the Company adopt new articles of association attached to the Resolution and initialled "A" for these purposes with immediate effect, such new articles of association to replace in their entirety the existing articles of association of the Company



Director / Company Secretary

TUESDAY



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A09

20/09/2016

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COMPANIES HOUSE

Company Number 09796975

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

**ARTICLES OF ASSOCIATION
OF
ORTHOSON LIMITED
(Adopted on 10th March 2016)**


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INTRODUCTION

1 INTERPRETATION

1.1 In these Articles, unless the context otherwise requires

"Act"	means the Companies Act 2006,
"Acting in Concert"	has the meaning given to that term in the City Code on Takeovers and Mergers,
"Articles"	means the Company's articles of association for the time being in force,
"Associate"	in relation to any person (a) any person who is an associate of that person. The question of whether (or not) a person is an associate of another is to be determined in accordance with section 435 of the Insolvency Act 1986, or (b) any member of the same Group,
"Bad Leaver"	an Employee Shareholder who becomes a Departing Employee Shareholder as a result of being dismissed for gross misconduct (or summary dismissal) or who breaches the restrictive covenants in his service agreement or consultancy contract or (in the case of a person who fall within the definition of Employee by virtue of his employment by any member of the Oxsonics Group) who becomes a Departing Employee Shareholder in circumstances entitling Oxsonics to lapse all share options granted by Oxsonics to that Departing Employee Shareholder,
"Board"	means the board of Directors and any committee of the board constituted for the purpose of taking any action or decision contemplated by these Articles,
"Business Day"	means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business,
"Company"	means OrthoSon Limited,
"Conflict"	means any matter or situation that is, or has the potential to be, against the best interests

	of the Company,
"Consultant"	means a person who gives expert advice or information to the Company pursuant to a written consultancy agreement,
"Controlling Interest"	means an interest or interests in shares carrying in aggregate more than 50% of the votes exercisable at general meetings of the Company,
"Date of Adoption"	means the date on which these Articles were adopted,
"Deemed Transfer Notice"	means a Transfer Notice that is deemed to have been served pursuant to these Articles,
"Departing Employee Shareholder"	means an Employee Shareholder who ceases for any reason to be a Employee of the Company (or any other Group Company or any member of the Oxsonics Group) and does not continue as, or become, an Employee of, any other Group Company or any member of the Oxsonics Group,
"Director"	means a member of the governing board of the Company who may or may not have an executive function,
"Eligible Director"	means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter),
"Employee"	means an individual who is employed by the Company (or any other Group Company or any member of the Oxsonics Group) or who is a Director of or engaged as a Consultant by the Company (or any other Group Company or any member of the Oxsonics Group) provided that any Investor who is a Director (including but not limited to the Investor Directors) shall not be an Employee
"Employee Shareholder"	means an Employee who is a Shareholder but for the avoidance of doubt shall exclude an Investor and an Investor Director,
"Employee Share Scheme"	has the meaning set out in the SSA,
"Encumbrance"	means any mortgage, charge, security, interest, lien, pledge, assignment by way of

	security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including, without limitation, any retention of title claim), conflicting claim or ownership or any other encumbrance of any nature (whether or not perfected, other than liens arising by operation of law),
"Fair Value"	as defined in Article 6 ,
"Family Trust"	means in relation to an individual Shareholder, a trust or settlement set up wholly for the benefit of that individual Shareholder (" Settlor ") and/or the Settlor's Privileged Relations,
"Founders" or "Founder Shareholders"	means Dr Colin Story, Professor Constantin Coussious, Dr Robert Carlisle and Dr Christian Coviello,
"Founder Vested Shares"	shares held by a Founder which can be offered for sale by a Founder pursuant to Article 5 without Board Approval is referred to in Article 5 2
"G Ordinary Share"	means a G ordinary share of £0 001 in the capital of the Company,
"G Ordinary Shareholder"	means a person who is registered as a holder of a G Ordinary Share,
"G Ordinary Share Return"	means the aggregate of (i) all dividends paid by the Company in respect of a G Ordinary Share and (ii) the sums which are to be paid by the Company in respect of a G Ordinary Share pursuant to either Articles 2 2 2(b)(i) and 2 2 2(d)(i) or 2 2.3(c)(i) and 2 2 3(e)(i) (as the case may be),
"Good Leaver"	means <ul style="list-style-type: none"> (a) an Employee Shareholder who becomes a Departing Employee Shareholder as a result of <ul style="list-style-type: none"> (i) his being dismissed by reason of his absence from work due to ill health or accident, or (ii) death, or

- (iii) retirement at normal retirement age, or
- (iv) dismissal on the grounds of redundancy, or
- (v) termination of contract by reason of non-renewal or early by mutual agreement, or
- (vi) dismissal or constructive dismissal where his position in the Company or Group Company (as relevant) may be carried out by another person who is able to perform the function of that original Employee Shareholder in a manner more suitable to the Company's (or Group Company's) requirements (but not for the reason that original Employee Shareholder is in breach of his obligations under his applicable employment or engagement with the relevant Group Company), or

- (b) an Employee Shareholder who becomes a Departing Employee Shareholder where the Board resolves that such person is to be treated as a Good Leaver,

"Grey Leaver"

An Employee Shareholder who becomes a Departing Employee Shareholder who is

- (a) neither a Good Leaver nor a Bad Leaver, or
- (b) a Bad Leaver but where the Board resolves that such person is to be treated as a Grey Leaver,

"Group Companies"

means the Company and each of its Subsidiaries and **"Group Company"** means any one of them,

"Independent Expert"

an independent firm of accountants (acting as an expert and not as an arbitrator),

"Interested Director"	means a Director of the Company who has, or may have, a direct or indirect interest in a matter that, if not authorised by the Company, would or may conflict, with the interests of the Company,
"Investment Manager"	means a manager whose principal business is to make, manage or advise on investments,
"Investor"	has the meaning set out in the SSA,
"Investor Majority"	has the meaning set out in the SSA,
"Investor Majority Consent"	has the meaning set out in the SSA,
"Investor Director"	a Director appointed by an Investor pursuant to the SSA,
"Liquidation Surplus"	means such cash sum as remains on a liquidation or winding up of the Company after all of its liabilities (including costs and expenses in connection with such liquidation or winding up) have been paid or provided for,
"Listing"	has the meaning set out in the SSA,
"Longwall"	means Longwall Venture Partners LLP, a limited liability partnership registered under number OC362933 and having its registered office at Electron Building, Fermi Avenue, Harwell Science & Innovation Centre, Oxfordshire OX11 0QR,
"LVECF"	means Longwall Ventures ECF LP, a limited partnership formed under the Limited Partnerships Act 1907 with registered number LP015238 and having its principal place of business at Electron Building, Fermi Avenue, Harwell Science & Innovation Centre, Oxfordshire OX11 0QR,
"Member of the same Group"	means as regards any company, a company which is from time to time a parent undertaking or a subsidiary undertaking of that company or a subsidiary undertaking of any such parent undertaking,
"Model Articles"	means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008 No

	3229) as amended prior to the date of adoption of these Articles,
"Ordinary Share"	means an ordinary share of £0 001 in the capital of the Company,
"Ordinary Shareholder"	means a person who is registered as a holder of a Ordinary Share,
"Ordinary Share Return"	means the aggregate of (i) all dividends paid by the Company in respect of an Ordinary Share and (ii) the sum which is to be paid by the Company in respect of an Ordinary Share pursuant to either Articles 2 2 2(b) or 2 2 3(c) (as the case may be),
"Oxsonics"	Oxsonics Limited, a company incorporated in England and Wales (number 08595647),
"Oxsonics Group"	Oxsonics Limited and its Subsidiaries,
"Parent and Parent Undertaking"	shall have the meanings given to them in the Act,
"Participating Shareholders"	has the meaning set out in Article 2 2 3(a) ,
"Permitted Transfer"	means a transfer of Shares in accordance with Article 8 ,
"Permitted Transferee"	means a person who receives Shares as a result of a Permitted Transfer,
"Privileged Relation"	means the parents, spouse, civil partner, widow or widower of a Shareholder and the Shareholder's siblings, children and grandchildren (including step and adopted children), and step or adopted or illegitimate children of the Shareholder's children,
"Proposed Purchaser"	means a proposed purchaser who at the relevant time has made an offer on arm's length terms,
"Proposed Seller"	means any person proposing to transfer any shares in the capital of the Company,
"Qualifying Person"	means an individual who is a member of the Company, or a person authorised to act as the representative of a Company in relation to the meeting or a person appointed as a proxy of a member in relation to the meeting,

"Relevant Securities"	means any shares or other securities convertible into, or carrying the right to subscribe for those shares, issued by the Company after the date on which these Articles are adopted, but excluding the grant of options to subscribe for Shares under an Employee Share Scheme (and the issue of the Shares on exercise of those options),
"Sale"	means the sale of any Shares to any person resulting in that person together with any person Acting in Concert with such person holding a Controlling Interest in the Company,
"Sale Proceeds"	means the price paid (including the cash value at the date of the Sale of any non-cash consideration) for all of the Shares which are the subject of a Sale,
"Sale Shares"	means the Shares specified or deemed to be specified for sale in a Transfer Notice or a Deemed Transfer Notice,
"Seller"	means the transferor of Shares pursuant to a Transfer Notice,
"Share"	means a share in the capital of the Company for the time being in issue,
"Shareholder"	means a holder of Shares in the Company,
"SSA"	means the subscription and shareholders' agreement between (1) The Chancellor, Masters and Scholars of The University Of Oxford, (2) the Investors (as defined), (3) the Additional Investors (as defined), (4) the Founders (as defined), (5) Technikos LLP, (6) The Wellcome Trust Limited and (7) OrthoSon Limited, as amended from time to time,
"Subsidiary" and "Subsidiary Undertaking"	shall have the meanings given to them in the Act,
"Technikos"	means Technikos LLP,
"Termination Date"	means <ul style="list-style-type: none"> a) where the contract of employment or consultancy agreement ceases by virtue of notice given by the Company to the employee or consultant, the date

on which such notice expires, or

- b) where the contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served, or
- c) where an Employee Shareholder dies, the date of his death, or
- d) where the Employee Shareholder concerned is a Director but not an employee, the date on which his service agreement with the Company is terminated or the date on which he ceases to hold office whichever is the earlier,

and in any other case, the date on which the consultancy agreement or employment agreement is terminated,

"Transfer Notice"

means a notice in writing given by any Shareholder to the Company where that Shareholder desires, or is required by these Articles, to transfer (or enter into an agreement to transfer) any Shares,

"University"

means The Chancellor, Masters and Scholars of The University of Oxford,

"Vesting Start Date"

means

- (a) in the case of Shares subscribed by the Founders pursuant to the SSA, 17 January 2014,
- (b) in the case of Shares subscribed by Employees (other than the Founders) pursuant to the SSA, the Date of First Completion (as such term is defined in the SSA),
- (c) in the case of Shares allotted to a Founder or an Employee after the Date of Adoption (other than Shares subscribed pursuant to the SSA), the date of allotment of those Shares, and
- (d) in the case of Shares allotted on the exercise of options granted pursuant

to an Employee Share Scheme, the date of the grant of those options,

except where the Board agrees otherwise

Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles

- 1 2 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles
- 1 3 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of
 - 1 3 1 any subordinate legislation from time to time made under it, and
 - 1 3 2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts
- 1 4 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms
- 1 5 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles
- 1 6 Articles 8, 9(1), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the Company
- 1 7 Article 7 of the Model Articles shall be amended by
 - 1 7 1 the insertion of the words "for the time being" at the end of article 7(2)(a), and
 - 1 7 2 the insertion in article 7(2) of the words "(for so long as he remains the sole Director)" after the words "and the Director may"
- 1 8 Article 20 of the Model Articles shall be amended by the insertion of the words "and the secretary" before the words "properly incur"
- 1 9 In article 25(2) (c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"
- 1 10 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But"
- 1 11 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name"

- 1 12 Articles 31(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the Directors may otherwise decide"

2 SHARE CAPITAL

- 2 1 The share capital of the Company consists of Ordinary Shares and G Ordinary Shares

- 2 2 The Ordinary Shares and G Ordinary Shares shall have the following rights and be subject to the following restrictions

2 2 1 Dividend Rights

Any dividend declared by the Company shall be distributed amongst all the holders of Ordinary Shares and G Ordinary Shares rateably in proportion to the number of Ordinary Shares and G Ordinary Shares held by them respectively

2 2 2 Liquidation Surplus

- (a) If the Ordinary Share Return which each Ordinary Shareholder would have received after all payments had been made to Shareholders pursuant to **Article 2 2 2(b)**, assuming that all options granted by the Company to subscribe for Ordinary Shares and which had not lapsed were exercised in full, would be less than £4 00 per Ordinary Share then only the provisions of **Article 2.2 2(b)** shall apply to payments to Shareholders out of the Liquidation Surplus and **Articles 2 2 2(c)** and **2 2 2(d)** shall not apply,
- (b) On a return of assets on a winding up or liquidation of the Company the following order of priority shall apply to payments to Shareholders out of the Liquidation Surplus -
- (i) first, each Shareholder shall be entitled in respect of their Shares to payment of an amount per Share equal to the nominal value of that Share or, if the Liquidation Surplus is insufficient to enable payment to each Shareholder for all the Shares held by them then such Liquidation Surplus shall be paid to the Shareholders in proportion to the nominal value of the Shares held by each of them,
- (ii) thereafter any balance remaining of the Liquidation Surplus shall be paid to the Ordinary Shareholders in proportion to the number of Ordinary Shares held by each of them
- (c) If, but for the provisions of this **Article 2 2 2(c)**, the Ordinary Share Return which each Ordinary Shareholder would have received after all payments had been made to Shareholders pursuant to **Article 2 2.2(b)**, assuming that all options granted by the Company to subscribe for Ordinary Shares and which had not lapsed were exercised in full, would be £4 00 per Ordinary Share or more then the maximum sum which shall be paid to each Ordinary Shareholder pursuant to **Article 2 2 2(b)** shall be such sum as will ensure that

after such payment has been made the Ordinary Share Return received by each Ordinary Shareholder in respect of each Ordinary Share held by him shall be £4 00 and the provisions of **Article 2 2 2(d)** shall apply in respect of the remaining Liquidation Surplus

- (d) If this **Article 2 2 2(d)** applies then the remaining Liquidation Surplus shall be allocated between the Shareholders as follows
 - (i) First, each G Ordinary Shareholders shall be entitled in respect of each G Ordinary Share held by him to payment of such amount per G Ordinary Share as will ensure that after payment pursuant to this **Article 2 2 2(d)(i)** has been made the G Ordinary Share Return received by each G Ordinary Shareholder in respect of each G Ordinary Share held by him shall be £4 00 provided that if the remaining Liquidation Surplus is insufficient to enable each G Ordinary Shareholder to have received a G Ordinary Share Return of £4 00 in respect of each G Ordinary Share held by him then such remaining Liquidation Surplus shall be paid to the G Ordinary Shareholders in proportion to the number of G Ordinary Shares respectively held by them,
 - (ii) Thereafter any balance shall be paid to the Shareholders in proportion to the number of Ordinary Shares and G Ordinary Shares which are held by them (as if such Ordinary Shares and G Ordinary Shares constituted one and the same class)

2 2 3 Sale

- (a) If the Sale Proceeds shall contain any non-cash consideration and the cash value of that non-cash consideration is not expressly stated in the agreement relating to the Sale then the Company shall, as soon as practicable after the date of the Sale, request an Independent Expert to determine the cash value of the non-cash consideration. The determination of the Independent Expert, who shall act as an expert and not as an arbitrator and whose costs shall be borne by the holders of the Shares which are the subject of the Sale ("**Participating Shareholders**") in proportion to the number of Shares sold by them, shall be final and binding on the Participating Shareholders
- (b) If the Ordinary Share Return which each Participating Shareholder would have received in respect of each Ordinary Share sold by him after all payments had been made to Participating Shareholders pursuant to **Article 2 2 3(c)**, assuming that all options granted by the Company to subscribe for Ordinary Shares and which had not lapsed were exercised in full and that the Ordinary Shares resulting from such exercise were sold as part of the relevant Sale, would be less than £4 00 per Ordinary Share then only the provisions of **Article 2 2 3(c)** shall apply to payments to Participating Shareholders out of the Sale Proceeds and **Articles 2 2 3(d)** and **2 2 3(e)** shall not apply

- (c) In the event of a Sale, the Sale Proceeds shall be reallocated between the Participating Shareholders as follows
 - (i) first, each Participating Shareholder shall be entitled in respect of the Shares sold by him to payment of an amount per Share equal to the nominal value of that Share,
 - (ii) thereafter any balance of the Sale Proceeds remaining shall be paid to the Participating Shareholders in proportion to the number of Ordinary Shares which are the subject of the Sale held by each of them,
- (d) If, but for the provisions of this **Article 2 2.3(d)**, the Ordinary Share Return which each Participating Shareholder would have received after all payments had been made to Participating Shareholders pursuant to **Article 2 2 3(b)** in respect of each Ordinary Share sold by him, assuming that all options granted by the Company to subscribe for Ordinary Shares and which had not lapsed were exercised in full and that the Ordinary Shares resulting from such exercise were sold as part of the relevant Sale, would be £4 00 or more then the maximum sum which shall be paid to each Participating Shareholder in respect of each Ordinary Share sold by him pursuant to **Article 2 2.3(b)** shall be such sum as will ensure that after such payment has been made the Ordinary Share Return received by him in respect of each Ordinary Share sold by him shall be £4 00 and the provisions of **Article 2 2 3(e)** shall apply in respect of the remaining Sale Proceeds
- (e) If this **Article 2 2 3(e)** applies then the remaining Sale Proceeds shall be reallocated between the Participating Shareholders as follows -
 - (i) First, each Participating Shareholder shall be entitled in respect of each G Ordinary Share sold by him to payment of such amount per G Ordinary Share as will ensure that after payment pursuant to this **Article 2 2.3(e)(i)** has been made the G Ordinary Share Return received by him in respect of each G Ordinary Share sold by him shall be £4 00 provided that if the remaining Sale Proceeds are insufficient to enable each Participating Shareholder to have received a G Ordinary Share Return of £4 00 in respect of each G Ordinary Share sold by him then such remaining Sale Proceeds shall be paid to the Participating Shareholders in proportion to the number of G Ordinary Shares respectively sold by them,
 - (ii) Thereafter any balance shall be paid to the Participating Shareholders in proportion to the number of Ordinary Shares and G Ordinary Shares which are the subject of the Sale sold by them (as if such Ordinary Shares and G Ordinary Shares constituted one and the same class)

2 2 4 Voting Rights

- (a) The Ordinary Shares shall confer on their holders the right to receive notice of, to attend, and to vote at, general meetings of the Company
- (b) The G Ordinary Shares shall not confer on their holders any right to receive notice of, to attend or to vote at, general meetings of the Company

3 ISSUE OF SHARES AUTHORITY TO ALLOT AND PRE-EMPTION

3 1 Subject to the remaining provisions of this **Article 3**, the Directors are generally and unconditionally authorised for the purpose of section 551 of the Act to exercise any power of the Company to

- 3 1 1 offer, allot or grant rights to subscribe for, or
- 3 1 2 convert securities into, or
- 3 1 3 otherwise deal in, or dispose of,

any Shares (or any other Relevant Securities in the Company) to any person, at any time and subject to any terms and conditions as the Directors think proper

3 2 The authority referred to in **Article 3 1**

- 3 2 1 shall only apply insofar as the Company in general meeting has not renewed, waived or revoked it,
- 3 2 2 shall be limited to Shares with an aggregate nominal value of £2,000, and
- 3 2 3 may only be exercised for a period of five years commencing on the date on which these Articles are adopted, save that the Directors may make an offer or agreement which would, or might, require relevant securities to be allotted after the expiry of such authority (and the Directors may allot relevant securities in pursuance of an offer or agreement as if such authority had not expired)

3 3 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of Relevant Securities made by the Company

3 4 If the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to all Ordinary Shareholders (other than to an Ordinary Shareholder (and his Permitted Transferee) that (i) has served an outstanding Transfer Notice or Deemed Transfer Notice, or (ii) is a Departing Employee Shareholder) on the same terms, and at the same price, as those Relevant Securities are being offered to other persons on a pari passu and pro rata basis to the number of Ordinary Shares held by those holders (as nearly as possible without involving fractions) The offer

- 3 4 1 shall be in writing and give details of the number and subscription price of the Relevant Securities, and
- 3 4 2 may stipulate that any Ordinary Shareholder who wishes to subscribe for a number of Relevant Securities in excess of the proportion to which

each is entitled shall, in its acceptance, state the number of excess Relevant Securities ("Excess Securities") for which they wish to subscribe

- 3 5 Each Ordinary Shareholder to whom an offer is made to in accordance with **Article 3 4** may exercise his option by giving notice to the Company, at any time within 10 Business Days following the date on which the offer was made to each Ordinary Shareholder, accompanied by payment in full to the Company for the Shares subscribed for
- 3 6 Any Relevant Securities not accepted by Ordinary Shareholders pursuant to the offer made to them in accordance with **Article 3 4** and by the dates set out in **Article 3 5** shall be used for satisfying any requests for Excess Securities made pursuant to **Article 3 4** If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants pro rata to the number of Ordinary Shares held by the applicants immediately before the offer was made to Ordinary Shareholders in accordance with **Article 3.4** (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Ordinary Shareholder beyond that applied for by him) After that allotment, any Excess Securities remaining shall be offered, subject to **Article 3 9**, to any other person as the Directors may determine, at the same price and on the same terms as the offer to the Ordinary Shareholders
- 3 7 Subject to **Article 3 4** and **Article 3 6** and to sections 549 to 551 (inclusive) of the Act, any Relevant Securities shall be at the disposal of the Board who may allot, grant options over or otherwise dispose of them to any persons at those times and generally on the terms and conditions they think proper
- 3 8 The provisions of **Articles 3 4 to 3 6** (inclusive) shall not apply to
- 3 8 1 allotments of Shares or grants of options to subscribe for Shares under an Employee Share Scheme, and
- 3 8 2 Relevant Securities which the holders of not less than 90% of the issued Shares have agreed in writing should be issued without complying with the procedures set out in **Articles 3 4 to 3 6**
- 3 9 No Shares shall be allotted to any employee, Director, prospective employee or Director unless such person has entered into a joint election with the Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003 (Section 431 Election)
- 3 10 The Directors may, as a condition to the registration of any allotment of Shares in the Company, require the allottee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between all or any of the Shareholders and the Company in such form as the Directors may reasonably require If any such condition is imposed in accordance with this Article, the allotment shall not be registered unless that deed has been executed and delivered to the Company's registered office by the allottee

4 TRANSFER OF SHARES GENERAL

- 4 1 In **Article 4**, **Article 5**, **Article 7**, **Article 8**, **Article 9**, **Article 10** and **Article 11** references to the transfer of a Share includes the sale, transfer, disposal or assignment of a beneficial or other interest in that Share or the creation of a trust or Encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share

- 4 2 No Share may be transferred unless the transfer is made in accordance with these Articles
- 4 3 Any transfer of a Share by way of sale that is required to be made under **Article 4**, **Article 5** and **Article 7** shall be deemed to include a warranty as to capacity and title to the relevant Shares
- 4 4 In addition to the provisions of article 26(5) of the Model Articles, the Directors may refuse to register a transfer if
- 4 4 1 it is a transfer of a Share to a bankrupt, a minor or a person of unsound mind,
 - 4 4 2 the transfer is to an employee, Director or prospective employee or Director and that person has not entered into a Section 431 Election with the Company, or
 - 4 4 3 the transferor does not at the same time submit a transfer to the same transferee of a corresponding percentage of his shareholding in Oxsonics

Article 26(5) of the Model Articles shall be modified accordingly

- 4 5 The Directors may, as a condition to the registration of any transfer of Shares in the Company, require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between all or any of the Shareholders and the Company in such form as the Directors may reasonably require (but not so as to oblige the transferee of Shares to have any obligations or liabilities greater than those of the proposed transferor under any such agreement or other document) If any condition is imposed in accordance with this article, the transfer shall not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee
- 4 6 To enable the Directors to determine whether or not there has been any disposal of Shares in the capital of the Company (or any interest in Shares in the capital of the Company) in breach of these Articles, the Directors may require any holder, or the legal personal representatives of any deceased holder, or any person named as transferee in any transfer lodged for registration or any other person who the Directors may reasonably believe to have information relevant to that purpose, to provide to the Company with any information and evidence that the Directors request regarding any matter which they deem relevant to that purpose If the information or evidence is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares in the capital of the Company in writing of that fact and the following shall occur
- 4 6 1 the relevant Shares shall cease to confer on the holder of them (or any proxy) any rights

- (a) to vote, whether on a show of hands or on a poll, and whether exercisable at a general meeting of the Company or at any separate meeting of the class in question, or
- (b) to receive dividends or other distributions otherwise attaching to those Shares or to any further shares in the capital of the Company issued in respect of those Shares, or in pursuance of an offer made to the relevant holder, and

4 6 2 the holder may be required, at any time following receipt of the notice, to transfer some or all of its Shares to any person(s) at (notwithstanding **Article 4 7**) the price that the Directors may require by notice in writing to that holder

The rights referred to in **Article 4 6 1** may be reinstated by the Board or, if earlier, shall be reinstated on the completion of any transfer referred to in **Article 4 6 2**

4 7 Where the Board requires a Transfer Notice to be given in respect of any Shares in accordance with the Articles, if a Transfer Notice is not duly given within 5 Business Days of a written demand being made, a Deemed Transfer Notice shall be given at the end of that period. If a Transfer Notice is required to be given, or is deemed to have been given, under these Articles, the Transfer Notice shall be treated as having specified that

4 7 1 the Transfer Price of the Sale Shares shall be as agreed between the Board (any Director with whom the Seller is connected (within the meaning of section 252 of the Act) not voting) and the Seller, or, failing agreement within 10 Business Days after the date on which the Board becomes aware that a Deemed Transfer Notice has been given, the Transfer Price shall be the Fair Value (as determined in accordance with **Article 6**) of the Sale Shares, and

4 7 2 the Seller wishes to transfer all of the Shares held by it

5 TRANSFER OF SHARES SUBJECT TO PRE-EMPTION

5 1 Subject to **Article 5 2**, and except where the provisions of **Article 7**, **Article 8**, **Article 9**, **Article 10** and **Article 11** apply, the pre-emption rights in this **Article 5** shall apply to any transfer of Shares by a Shareholder

5 2 Save as provided in this **Article 5 2**, a Founder shall not be able to transfer Shares (other than Founder Vested Shares) pursuant to this **Article 5** without a prior Board approval. The percentage of Shares owned by a Founder which shall be designated as Founder Vested Shares and can be transferred without Board approval shall increase on a straight line monthly basis from 43.84% on the Date of Adoption to 100% on 16 January 2019. An Employee Shareholder (other than a Founder) shall not be able to transfer Shares pursuant to this **Article 5** without prior Board approval (which approval can be granted to such conditions as the Board may see fit)

5 3 A Seller shall, before transferring or agreeing to transfer any Shares, deliver a Transfer Notice (and a separate Transfer Notice shall be given in respect of each class of Shares which the Seller wishes to transfer) to the Company specifying

- 5 3 1 the number and class of Sale Shares he wishes to sell,
 - 5 3 2 if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee,
 - 5 3 3 the price (in cash (or the cash alternative if he wishes to sell his shares for non-cash consideration)) at which he wishes to transfer the Sale Shares, which will be deemed to be Fair Value of the Sale Shares if no cash price is agreed between the Seller and the Board ("**Transfer Price**"), and
 - 5 3 4 whether the Transfer Notice is conditional on all, or a specific number of, the Sale Shares being sold to Shareholders ("**Minimum Transfer Condition**")
- 5 4 Once given (or deemed to have been given under) these Articles, a Transfer Notice may not be withdrawn
- 5 5 A Transfer Notice appoints the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price
- 5 6 As soon as practicable following the later of
- 5 6 1 receipt of a Transfer Notice, or
 - 5 6 2 where the Transfer Price has not been specified, or a Deemed Transfer Notice has been served, the determination of the Transfer Price under **Article 6**,

the Board shall offer the Sale Shares for sale to the Shareholders in the manner set out in **Article 5 7**. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered

- 5 7 The Board shall offer the Sale Shares to all Shareholders holding Ordinary Shares and G Ordinary Shares specified in the offer other than (i) the Seller, (ii) a Shareholder (and his Permitted Transferee) that has served an outstanding Transfer Notice or Deemed Transfer Notice, and (iii) a Departing Employee Shareholder ("**Continuing Shareholders**"), inviting them to apply in writing within the period from the date of receipt of the offer to the date 10 Business Days after the date of receipt of the offer (inclusive) ("**Offer Period**") for the maximum number of Sale Shares they wish to buy. Each Shareholder shall have the option, but not the obligation, to indicate that he would be willing to acquire, at the price stated in the notice, a number of shares in excess of the proportion to which he is entitled (an "**Excess Application**")
- 5 8 If, at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder in the proportion which his existing holding of Ordinary Shares and G Ordinary Shares bears to the total number of Ordinary Shares and G Ordinary Shares held by those Continuing Shareholders who have applied for Sale Shares. If the Sale Shares are subject to a Minimum Transfer Condition, any allocation made under this **Article 5 8** shall be conditional on the fulfilment of the Minimum Transfer Condition. Once such applications have been satisfied in full, the Board shall allocate the balance of the Sale Shares to each Continuing Shareholder

who has submitted an Excess Application in proportion to which his existing holding of Ordinary Shares and G Ordinary Shares bears to the total number of Ordinary Shares and G Ordinary Shares held by those Continuing Shareholders who have submitted Excess Applications for Sale Shares. Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.

5.9 If only some of the Sale Shares are allocated in accordance with **Article 5.8**, but there are applications for Sale Shares that have not been satisfied, those Sale Shares shall be allocated to the relevant applicant(s) in accordance with the procedure set out in **Article 5.8**.

5.10 If, at the end of the Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications. The balance ("**Surplus Shares**") may be offered to any other person.

5.11 If the Transfer Notice includes a Minimum Transfer Condition and the total number of Shares applied for is less than the number of Sale Shares, the Board shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under **Article 5.8** stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

If

5.11.1 the Transfer Notice does not include a Minimum Transfer Condition, and

5.11.2 allocations have been made in respect of all the Sale Shares,

the Board shall, give written notice of allocation ("**Allocation Notice**") to the Seller and each Shareholder to whom Sale Shares have been allocated ("**Applicant**"). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 20 Business Days and not more than 28 Business Days after the date of delivery of the offer made pursuant to **Article 5.8**).

5.12 The Seller shall, within the timeframe specified in the Allocation Notice and against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in the Allocation Notice.

If the Seller fails to comply with this **Article 5.12**

5.12.1 the Chairman of the Company (or, failing him, one of the Directors, or some other person nominated by a resolution of the Board) may, on behalf of the Seller

(a) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants,

(b) receive the Transfer Price and give a good discharge for it, and

- (c) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them, and

5 12 2 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate, together with such other evidence (if any) as the Board may reasonably require to prove good title to those Shares) to the Company

5 13 If an Allocation Notice does not relate to all the Sale Shares then, subject to **Article 5 14** and within 4 weeks following service of the Allocation Notice, the Seller may transfer the Surplus Shares to any person at a price at least equal to the Transfer Price. The sale of the Surplus Shares in accordance with this **Article 5 13** shall continue to be subject to any Minimum Transfer Condition.

5 14 The Seller's right to transfer Shares under **Article 5 13** does not apply if the Board reasonably considers that

5 14 1 the transferee is a person (or a nominee for a person) who, in its absolute discretion, is a competitor with (or an Associate of a competitor with) the business of the Company or with a Subsidiary Undertaking of the Company, or

5 14 2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee, or

5 14 3 the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board to enable it to form the opinion mentioned above.

5 15 The restrictions imposed by **Article 5 1** may be waived in relation to any proposed transfer of Shares with the consent in writing of holders of at least 90% of Shares in issue.

6 VALUATION

6 1 If no Transfer Price is specified in a Transfer Notice, or if a Deemed Transfer Notice (other than in the case of **Article 7 3**) is served, then, on service of the Transfer Notice or, in the case of a Deemed Transfer Notice, on the date on which the Board first has actual knowledge of the facts giving rise to the service of such a notice, the Board shall either

6 1 1 appoint an Independent Expert to determine the Fair Value of the Sale Shares, or

6 1 2 if the Fair Value has been determined by an Independent Expert within the preceding 26 weeks, specify that the Fair Value of the Sale Shares shall be calculated by dividing that Fair Value by the number of Sale Shares to which it related and multiplying such Fair Value by the number of Sale Shares the subject of the Transfer Notice.

- 6 2 The Fair Value of the Sale Shares shall be determined by the Independent Expert on the following assumptions and bases
- 6 2 1 the Fair Value of each Share shall be the sum which a willing buyer would agree with a willing seller to be the purchase price for all the class of shares of which the Shares form part, divided by the number of issued Shares then comprised in that class,
 - 6 2 2 there shall be no addition of any premium or subtraction of any discount by reference to the size of the holding the subject of the Transfer Notice or in relation to any restrictions on the transferability of the shares,
 - 6 2 3 the Shares are sold free of all restrictions, liens, charges and other Encumbrances, and
 - 6 2 4 the sale is taking place on the date the Independent Expert was requested to determine the Fair Value
- 6 3 The Independent Expert shall be requested to determine the Fair Value within 20 Business Days of their appointment and notify the Board of their determination
- 6 4 Subject to any confidentiality provisions, the Independent Expert may have access to all accounting records or other relevant documents of the Company
- 6 5 The Independent Expert's determination shall be final and binding on the parties (in the absence of fraud or manifest error)
- 6 6 The costs of the Independent Expert shall be borne by the Seller and the transferee(s) equally or in such other proportion as determined by the Independent Expert
- 7 **COMPULSORY TRANSFERS**
- 7 1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder shall be regarded as giving a Deemed Transfer Notice in relation to such Shares at such time as the Directors determine
- 7 2 In the event of an arrangement or composition being made with a Shareholder's creditors, or where a Shareholder otherwise takes the benefit of any statutory provision for the time being in force for the relief of insolvent debtors, that such Shareholder shall be regarded as giving a Deemed Transfer Notice in respect of all Shares held by it at such time as the Directors determine
- 7 3 If an Employee Shareholder becomes a Grey Leaver at any time then, subject to **Article 7 8** and **Article 7 10**, he shall be deemed to have given a Transfer Notice in respect of a proportion (calculated in accordance with **Article 7 4**) of the Shares held by him and his Permitted Transferees on the Termination Date (the "**Grey Leaver Deemed Transfer Shares**") at a Transfer Price equal to the nominal value of each such Share
- 7 4 Subject to **Article 7 8** and **Article 7 10**, the proportion of the Grey Leaver's Shares that shall be Grey Leaver Deemed Transfer Shares shall be 66% of the Grey Leaver's

(and his Permitted Transferee's) Shares as at the Vesting Start Date. This shall reduce, on a straight line monthly basis, to 0% two years after the Vesting Start Date.

- 7.5 Subject to **Article 7.10**, if an Employee Shareholder becomes a Grey Leaver at any time then the Grey Leaver shall retain all voting rights attaching to his Shares unless the Board, acting reasonably, resolves to suspend such voting rights.
- 7.6 If an Employee Shareholder becomes a Bad Leaver then subject to **Article 7.8**, such Departing Employee Shareholder (and his Permitted Transferees) shall be deemed to have given a Transfer Notice in respect of all the Shares held by such Departing Employee Shareholder (and his Permitted Transferees) on the Termination Date at a Transfer Price equal to the nominal value of each such Share in respect of a Transfer Notice deemed served within two years of the Vesting Start Date in respect of those Shares and at a transfer price equal to Fair Value thereafter.
- 7.7 Subject to **Article 7.8**, all voting rights attaching to the Shares of a Bad Leaver shall be suspended with immediate effect from the relevant Bad Leaver's Termination Date. Such voting rights shall be reinstated in respect of any Shares that shall subsequently be transferred in accordance with the provisions of **Article 5**.
- 7.8 Where **Article 7.3**, **Article 7.4**, **Article 7.5** or **Article 7.6** applies the Board may resolve
- 7.8.1 that no Transfer Notice shall be deemed to have been given, or
 - 7.8.2 that a Transfer Notice shall be deemed to have been given in respect of a lesser number of Shares,
 - 7.8.3 that the Transfer Notice shall be deemed to be given at a date later than the Termination Date.
- 7.9 For the avoidance of doubt, a Good Leaver cannot be called upon to serve a Transfer Notice by virtue of the fact that he is a Good Leaver.
- 7.10 An Employee Shareholder who is a Grey Leaver within two years of the Vesting Start Date will be automatically converted into a Good Leaver in respect of such Shares unless the Board resolves that the Employee Shareholder should be treated as a Grey Leaver (in which event the provisions of **Articles 7.3**, **7.4** and **7.5** shall apply).
- 7.11 Save as provided below, the compulsory transfer provisions of **Articles 7.3** to **7.10** shall not apply to Shares acquired at market value as part of an investment round and made available to all Shareholders after the Date of Adoption. This **Article 7.11** shall not apply to any Shares subscribed by an Employee or a Founder pursuant to the SSA.

8 PERMITTED TRANSFERS

- 8.1 A Shareholder may transfer all or any Shares in accordance with this **Article 8** (without **Article 5**, **Article 9** or **Article 10** applying), provided that no such transfer shall be made unless not less than 10 Business Days' prior written notice thereof has been given to the Company.

- 8 2 Any Shareholder who is an individual may transfer any Share to (i) the trustees of that Shareholder's Family Trust or (ii) to some other Privileged Relation of that Shareholder or (iii) to a company in which that Shareholder is the legal and beneficial owner of all the issued share capital
- 8 3 Where any Share is held by trustees of a Family Trust, it may on any change of trustees be transferred to the new trustees of such Family Trust
- 8 4 The trustees of a Family Trust may transfer any Share held by them in that capacity to a person who has an immediate beneficial interest under the Family Trust or to a Privileged Relation of such beneficiary
- 8 5 The legal personal representative of any Shareholder may transfer any Shares to the trustees of that deceased Shareholder's Family Trust or to some other Privileged Relation of that deceased Shareholder
- 8 6 Any Shareholder who is an individual may transfer any Shares to any company in which he legally and beneficially owns all of the issued share capital
- 8 7 Any Shareholder which is a company may transfer any Shares to any individual shareholder who legally and beneficially owns all of the issued share capital of the Shareholder
- 8 8 Any Shareholder which is an undertaking (as defined in section 1161 of the Act) may transfer any Share to a Member of the same Group so long as it remains a member of the same Group
- 8 9 Any Share may be transferred without restriction by a Shareholder to a person to hold such Share as its nominee but any transfer by such nominee shall be subject to the same restrictions as if such transfer were a transfer by the relevant Shareholder
- 8 10 Any Share may be transferred without restriction by a nominee or trustee to the beneficial owner of such Share or to another nominee or trustee of the same beneficial owner
- 8 11 Any Share may be transferred by any Shareholder which is a fund, partnership, company, syndicate or other entity whose principal business is to make investments ("**Investment Fund**") and whose business is managed by a person whose principal business is to make, manage or advise upon investments
- 8 11 1 to any trustee, nominee or custodian of that Investment Fund and vice versa,
- 8 11 2 to an investor in that Investment Fund,
- 8 11 3 to any unit holder, shareholder, partner or participant in or manager or adviser (or an employee of such manager or adviser) of that Investment Fund or a co investment plan which invests alongside such Investment Fund, provided that, except upon a distribution of assets in specie by such Investment Fund upon a re-organisation or otherwise, such transfer may only be effected to any competitor of the Company with the prior approval of the Directors, or

- 8 11 4 to another Investment Fund or its trustee, nominee or custodian, managed or advised by the same manager or adviser as the Investment Fund or to any co investment plan which invests alongside such Investment Fund
- 8 12 Longwall may at any time transfer Shares or any interest in any Shares without restriction as to price or otherwise to
 - 8 12 1 any other Member of the same Group or the Member of the same Group as LVECF, or
 - 8 12 2 any nominee, trustee or custodian of Longwall or LVECF, or
 - 8 12 3 any partner or participant in Longwall or LVECF (including, but not limited to, any unit holder in an authorised unit trust established for the purpose of investing funds in Longwall or LVECF), or
 - 8 12 4 any other Investment Fund which is managed or advised by Longwall or any of its subsidiary or holding companies,
 - 8 12 5 any person, company or fund whose business consists of holding securities for investment purposes as part of the sale or transfer of Longwall's or LVECF's shareholding in the Company and at least one other investment interest from Longwall's or LVECF's portfolio, or
 - 8 12 6 any other Investment Manager of LVECF
- 8 13 The University may transfer the Shares held by it, and the whole of its interest in this Agreement, to any company whose shares all held directly or indirectly by the University or to any Fund For the purposes of this Agreement, "Fund" means any limited partnership or other similar investment vehicle in which the University and/or any colleges of the University are participants from time to time
- 8 14 The University may transfer its right to purchase Shares in response to an offer made under the SSA or the Articles of the Company to any Fund or to a nominee appointed by a Fund where the Fund or Funds retain the entire beneficial interest in such Shares provided that prior to such transfer the Funds shall have executed a deed of adherence in respect of the SSA
- 8 15 The University may transfer 50% of its Shares to Technikos as soon as is reasonably practicable following Completion (as such term is defined in the SSA)
- 8 16 Any other transfer made with the prior written consent of the holders of 75% of the issued share capital
- 8 17 If a Shareholder holding any Share transferred to it under this **Article 8** ceases to be a Permitted Transferee of the original Shareholder who held such Share and does not, prior to so ceasing, transfer such Share to the original Shareholder or to another Permitted Transferee of the original Shareholder, such Shareholder shall without delay notify the Company that such event has occurred and shall be deemed to have served a Transfer Notice on the Company in respect of such Share

9 **MANDATORY OFFER ON A CHANGE OF CONTROL**

9 1 Except in the case of Permitted Transfers, the provisions of this **Article 9** will apply if one or more Proposed Sellers propose to transfer in one or a series of related transactions any Shares (the "**Proposed Transfer**") which would, if put into effect, result in any Proposed Purchaser (and associates of his or her persons Acting in Concert with him) acquiring a Controlling Interest in the Company

9 2 A Proposed Seller must, before making a Proposed Transfer procure the making by the Proposed Purchaser of an offer (the "**Offer**") to the other Shareholders ("**Called Shareholders**") to acquire all the Ordinary Shares and G Ordinary Shares for a consideration per Share the value of which is at least equal to the Specified Price (as defined in **Article 9 7**)

9 3 For the avoidance of doubt, the provisions of this **Article 9** shall apply (a) if the Proposed Purchaser is offering consideration other than in cash, and (b) if different prices are offered for different classes of Shares

9 4 The Offer must be given by written notice (a "**Proposed Sale Notice**") at least 10 Business Days (the "**Offer Period**") prior to the proposed sale date (the "**Proposed Sale Date**") The Proposed Sale Notice must set out, to the extent not described in any accompanying documents, the identity of the Proposed Purchaser, the purchase price or prices and other terms and conditions of payment, the Proposed Sale Date and the number of Shares proposed to be purchased by the Proposed Purchaser (the "**Proposed Sale Shares**")

9 5 If any other holder of Ordinary Shares and G Ordinary Shares is not given the rights accorded to him by this Article, the Proposed Sellers will not be entitled to complete their sale and the Company will not register any transfer intended to carry that sale into effect

9 6 If the Offer is accepted by any Called Shareholder (an "**Accepting Shareholder**") within the Offer Period, the completion of the Proposed Transfer will be conditional upon the completion of the purchase of all the Ordinary Shares and G Ordinary Shares held by Accepting Shareholders

9 7 For the purpose of this Article

9 7 1 the expression "**Specified Price**" shall mean in respect of each Share a sum in cash equal to the highest price per Share offered or paid by the Proposed Purchaser

(a) in the Proposed Transfer, or

(b) in any related or previous transaction by the Proposed Purchaser or any person Acting in Concert with the Proposed Purchaser in the 12 months preceding the date of the Proposed Transfer,

plus an amount equal to the Relevant Sum, as defined in **Article 9.7 2**, of any other consideration (in cash or otherwise) paid or payable by the Proposed Purchaser or any other person Acting in Concert with the Proposed Purchaser, which having regard to the substance of the

transaction as a whole, can reasonably be regarded as an addition to the price paid or payable for the Shares (the "**Supplemental Consideration**") provided that the total consideration paid by the Proposed Purchaser in respect of the Proposed Transfer is distributed to the Proposed Seller and the Accepting Shareholders in accordance with the provisions of **Article 2.2.3**,

9.7.2 "**Relevant Sum**" = C + A

where A = number of Shares being sold in connection with the relevant Proposed Transfer,

C = the Supplemental Consideration

9.8 If any person, following the issue of a Proposed Sale Notice, becomes a holder of Ordinary Shares and G Ordinary Shares pursuant to the exercise of a pre-existing warrant or option to acquire Shares in the Company or pursuant to the conversion of any convertible security of the Company prior to the Proposed Sale Date, a Proposed Sale Notice shall be deemed to have been served on such a Shareholder in respect of such Shares on the same terms as the previous Proposed Sale Notice and the Shareholder shall then have the right to accept such an offer and the provisions of this Article shall apply with the necessary changes

10 TAG ALONG

10.1 No transfer (other than a Permitted Transfer) of more than 10% of any Ordinary Shares and G Ordinary Shares (as if the same constituted one and the same class) held by any one or more Shareholders may be made or validly registered in favour of a Buyer (as defined below) (the "**Selling Shareholders**") unless the Selling Shareholders have observed the procedures set out in this **Article 10**

10.2 The Selling Shareholders shall give each holder of Ordinary Shares and G Ordinary Shares at least 21 days' notice in advance of the proposed sale (a "**Tag Along Notice**") The Tag Along Notice shall specify

10.2.1 the identity of the proposed purchaser ("**Buyer**"),

10.2.2 the price per Ordinary Share and G Ordinary Share that the Buyer proposes to pay,

10.2.3 the manner in which the consideration is to be paid, and

10.2.4 the number and class of Shares that the Selling Shareholders propose to sell

10.3 Each Shareholder shall, within five Business Days following receipt of the Tag Along Notice, notify the Selling Shareholders that it wants to sell a certain number of Ordinary Shares and G Ordinary Shares held by it at the proposed sale price Such notification shall be made by delivering a written counter-notice to the Selling Shareholders which shall specify the number and class of Shares that the Shareholder wants to sell The maximum number of Ordinary Shares and G Ordinary Shares that a Shareholder can sell under this procedure shall be

X/Y x Z

where

X is the number of Shares of the relevant class held by the Shareholder

Y is the total number of Shares of that class

Z is the number of Shares of that class which the Selling Shareholders propose to sell

10.4 Any Shareholder that does not send a counter-notice within that 21 day period shall be deemed to have specified that they do not want to sell any Shares

10.5 After the expiry of 21 days from the date that the Shareholders receive the Tag Along Notice, the Selling Shareholders shall be entitled to sell to the Buyer (on the terms notified to the Shareholders) a number of Ordinary Shares and G Ordinary Shares not exceeding the number(s) specified in the Tag Along Notice, less any Ordinary Shares and G Ordinary Shares that the Shareholders have indicated that they want to sell. Provided that, at the same time, the Buyer (or another person) buys from the Shareholders the number and class of Shares that they have respectively indicated they want to sell on terms no less favourable than those obtained by the Selling Shareholders from the Buyer.

10.6 No sale by the Selling Shareholders shall be made pursuant to any Tag Along Notice more than 3 months after service of that Tag Along Notice.

10.7 Sales made in accordance with this Article shall not be subject to **Article 5.1**.

11 DRAG ALONG

11.1 If (i) the holders of at least 65% of the Ordinary Shares in issue for the time being and (ii) an Investor Majority, (the "**Selling Shareholders**") wish to transfer all of their interest in Shares ("**Sellers' Shares**") to a bona fide arm's length purchaser ("**Proposed Buyer**"), the Selling Shareholders may require all the other Shareholders ("**Called Shareholders**") to sell and transfer all their Shares to the Proposed Buyer (or as the Proposed Buyer directs in accordance with the provisions of this Article ("**Drag Along Option**"))

11.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect ("**Drag Along Notice**") at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify that

11.2.1 the Called Shareholders are required to transfer all their Shares ("**Called Shares**") pursuant to this **Article 11**,

11.2.2 the person to whom the Called Shares are to be transferred,

11.2.3 the consideration payable for the Called Shares (which may include non-cash consideration and which shall be calculated in accordance with **Article 11.3**), and

11.2.4 the proposed date of the transfer.

- 11 3 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Proposed Buyer were distributed to the holders of the Called Shares and the Selling Shareholders in accordance with the provisions of **Article 2.2 3**
- 11 4 Once issued, a Drag Along Notice shall be irrevocable, however, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 28 days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 11 5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except
- 11 5 1 those specifically set out in this **Article 11**, and
 - 11 5 2 a warranty as to title to the Called Shares and capacity of the Called Shareholders
- 11 6 Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares ("**Completion Date**") unless
- 11 6 1 all of the Called Shareholders and the Selling Shareholders agree otherwise, or
 - 11 6 2 that date is less than 28 days after the Drag Along Notice, in which case completion of the sale shall be delayed until the 28 day after 10 Business Days of the Drag Along Notice
- 11 7 The rights of pre-emption set out in these Articles shall not apply to any transfer of Shares to a Proposed Buyer (or as it may direct) pursuant to a sale for which a Drag Along Notice has been duly served.
- 11 8 Within 28 days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for the Called Shares, together with the relevant share certificate (or a suitable indemnity for any lost share certificate) to the Company. On the Completion Date, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are due to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer.
- 11 9 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the consideration due, the Called Shareholders shall be entitled to the return of the stock transfer form and share certificate (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this **Article 11** in respect of their Shares.
- 11 10 If any Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it, the defaulting Called Shareholder shall be deemed to have irrevocably appointed any person

nominated for the purpose by the Company to be the Called Shareholder's agent and attorney to execute all necessary transfer(s) on the Called Shareholder's behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as they may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of Shares under this **Article 11 10**.

- 11 11 Following the issue of a Drag Along Notice, on any person becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company, or on the conversion of any convertible security of the Company (a "New Shareholder"), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice. The New Shareholder shall then be bound to sell and transfer all Shares acquired by it to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this **Article 11** shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the Shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.

12 **CALLING A DIRECTORS' MEETING**

- 12 1 Any Director may call a Directors' meeting by giving not less than 2 Business Days notice of the meeting (or such lesser notice as all the Directors may agree) to the Directors or by authorising the Company secretary (if any) to give such notice.
- 12 2 Notice of any Directors' meeting must indicate the proposed date and time of the meeting and where it is to take place.

13 **QUORUM FOR DIRECTORS' MEETINGS**

- 13 1 Subject to **Articles 13 2** and **13 3**, the quorum for the transaction of business at a meeting of Directors is any three Eligible Directors.
- 13 2 If a quorum is not present within half an hour of the time specified for the Board meeting in the relevant notice, or ceases to be present at any time, the Directors shall adjourn the Board meeting to a specified place and time not less than 5 Business Days after the original date for the Board meeting. Notice of the adjourned meeting shall be given to all Directors in writing. The quorum for the transaction of business at the adjourned meeting shall be any two Eligible Directors.
- 13 3 For the purposes of any meeting (or part of a meeting) held pursuant to **Articles 15** and **16** to authorise a Director's conflict, if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.
- 13 4 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 to appoint further Directors or to call a general meeting so as to enable the Shareholders to appoint further Directors.

14 **CASTING VOTE**

If the numbers of votes for and against a proposal at a meeting of Directors are equal, the chairman or other Director chairing the meeting shall not have a casting vote

15 **TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

15 1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company

15 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,

15 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,

15 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 and be counted in the quorum,

15 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,

15 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

15 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 Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act

15 1 7 The above shall be subject to any conditions the Board may wish to impose at the time

16 **DIRECTORS' CONFLICTS OF INTEREST**

16 1 The Directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an "**Interested Director**") breaching his duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**")

- 16 2 Any authorisation under this **Article 16** will be effective only if
- 16 2 1 to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine,
 - 16 2 2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director, and
 - 16 2 3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted
- 16 3 Any authorisation of a Conflict under this **Article 16** may (whether at the time of giving the authorisation or subsequently)
- 16 3 1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
 - 16 3 2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict,
 - 16 3 3 provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict,
 - 16 3 4 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence, and
 - 16 3 5 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters
 - 16 3 6 The above shall be subject to any conditions the Board may wish to impose at the time
- 16 4 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
- 16 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

16 6 Notwithstanding any other provisions of these Articles, and subject to the provisions of the Act and provided (if these Articles so require) that he has declared to the Directors in accordance with the provisions of these Articles, the nature and extent of his interest, an Investor Director appointed by Longwall may (save as to the extent not permitted by law from time to time), notwithstanding his office, have an interest arising from any duty he may owe to, or interest he may have as an employee, Director, trustee, member, partner, officer or representative of, or a consultant to, or direct or indirect investor (including without limitation by virtue of a carried interest, remuneration or incentive arrangements or the holding of securities) in

16 6 1 Longwall (acting as Investment Manager of LVECF) or LVECF,

16 6 2 any of the funds advised or managed by Longwall from time to time, or

16 6 3 another body corporate or firm in which Longwall (acting as Investment Manager of LVECF) or LVECF or any fund advised by Longwall (acting as Investment Manager of LVECF) or LVECF has directly or indirectly invested, including without limitation any portfolio companies

17 RECORDS OF DECISIONS TO BE KEPT

Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in a form that may be available to be read with the naked eye for at least ten years from the date of the resolution, meeting or decision (as appropriate)

18 APPOINTMENT OF DIRECTORS

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

19 SECRETARY

The Directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the Directors so decide, appoint a replacement, in each case by a decision of the Directors

DECISION MAKING BY SHAREHOLDERS

20 POLL VOTES

A poll may be demanded at any general meeting by any Qualifying Person present and entitled to vote at the meeting

21 PROXIES

- 21 1 Article 45(1) (d) of the Model Articles shall be deleted and replaced with the words "is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"
- 21 2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article

ADMINISTRATIVE ARRANGEMENTS

22 MEANS OF COMMUNICATION TO BE USED

- 22 1 Any notice to be given to or by any person pursuant to these Articles shall be given by email to an address for the time being notified for that purpose to the person giving the notice in addition to any other manner in which that notice has been communicated in accordance with the Model Articles, these Articles and the Act
- 22 2 Subject always to the provisions of **Article 22 1**, any notice, document or other information shall be deemed served on or delivered to the intended recipient

22 2 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),

22 2 2 if properly addressed and sent or supplied by electronic means, twenty four hours after the document or information was sent or supplied, and

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

23 INDEMNITY

- 23 1 Subject to **Article 23 2**, but without prejudice to any indemnity to which a relevant officer is otherwise entitled

23 1 1 each relevant officer may be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the execution and/or discharge of his duties, or in relation to them including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of

duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs, and

23 1 2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in **Article 23 1 1** and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

23 2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law

23 3 In this article

23 3 1 companies are associated if one is a Subsidiary of the other or both are Subsidiaries of the same body corporate, and

23 3 2 a "relevant officer" means any Director or other officer or former Director or other officer of the Company or an associated Company (including any Company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act)

24 **INSURANCE**

24 1 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

24 2 In this article

24 2 1 a "relevant officer" means any Director or other officer or former Director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act)

24 2 2 a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company, and

24 2 3 companies are associated if one is a Subsidiary of the other or both are Subsidiaries of the same body corporate