

## AROA INCENTIVE PLAN

Aroa Biosurgery Limited (ASX: ARX, 'AROA' or the 'Company') announces that it has adopted a new Omnibus Incentive Plan and U.S. Sub-Plan to assist in the reward, retention and motivation of employees and Eligible Persons who make a key contribution to the success of the Company. A copy of the Omnibus Incentive Plan and U.S. Sub-Plan is attached to this announcement.

The Company's existing incentive Plans (Aroa Biosurgery Share Option Plan and 2021 US Share Option Plan) as approved by shareholders at the Annual General Meeting held on 20 July 2021 remain in effect for the securities issued under those Plans.

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**Authorised on behalf of the Aroa Biosurgery Board of Directors by Jim McLean, Chairman.**

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#### **About AROA™**

Aroa Biosurgery is a soft-tissue regeneration company committed to 'unlocking regenerative healing for everybody'. We develop, manufacture, sell and distribute medical and surgical products to improve healing in complex wounds and soft tissue reconstruction. Our products are developed from a proprietary AROA ECM™ technology platform, a novel extracellular matrix biomaterial derived from ovine (sheep) forestomach.

Over 6 million AROA products have been used globally in a range of procedures to date, with distribution into our key market of the United States via our direct sales force and our partner TELA Bio, Inc. Founded in 2008, AROA is headquartered in Auckland, New Zealand and is listed on the Australian Securities Exchange (ASX: ARX). [www.aroa.com](http://www.aroa.com)

#### **About Myriad™**

Myriad Matrix™ is an extracellular matrix graft, composed of AROA ECM and designed for soft tissue reconstruction and complex wounds. Myriad Morcells™ is a morcellised version of Myriad Matrix that easily conforms to optimize contact with irregular wound beds. Myriad Morcells Fine is a morselized conformable ECM graft that can be used either by itself or synergistically with Myriad Matrix.

#### **About Endoform™**

Endoform™ products are unique extracellular matrix products, composed of AROA ECM, for the management of acute and chronic wounds.

#### **About Symphony™**

Symphony is a new product which has been developed off the strength of AROA ECM. It is applied as a graft and is surgically fixed at the margins. It is designed to support healing during the proliferative phase to reduce time to wound closure, particularly in patients whose healing is severely impaired or compromised due to disease.

#### **About Enivo™**

This is a new tissue apposition system which AROA is developing, designed to close tissue cavities at a surgical site created by surgical dissection or tissue removal. It is comprised of a



specially designed AROA ECM implant that is coupled to an external single-use negative pressure pump.

When the product is deployed, the tissue surfaces are drawn together, held in place and tissue fluids are carried by the vacuum to an external fluid collection bag. AROA intends to develop and launch a new class of products utilising this new platform technology.

# Omnibus Incentive Plan Rules

relating to Aroa Biosurgery  
Limited

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## **OMNIBUS INCENTIVE PLAN RULES**

*Date:*

### **PARTIES**

**Aroa Biosurgery Limited**, a company incorporated and registered in New Zealand under company number 1980577, 64 Richard Pearse Drive, Mangere, Auckland 2022, New Zealand (the *Company*)

### **BACKGROUND**

- A The Company has established the Plan to enable Eligible Persons to share in the ownership of the Group in order to:
- A.1 assist in the reward, retention and motivation of Eligible Persons who make a key contribution to that success; and
  - A.2 align Eligible Persons' interests with those of the Company's Shareholders.
- B Awards issued under the Plan are subject to these Rules.

## **1 INTRODUCTION**

### **1.1 Commencement and Term of Plan**

The Plan will commence on the date determined by the Board and will continue until terminated by the Board.

### **1.2 Advice**

- (a) There are legal and tax consequences associated with participation in the Plan. Eligible Persons and Participants must ensure that they understand these consequences before submitting an Application.
- (b) Each person who completes and returns an Application to the Company acknowledges and agrees that the Group and its officers and employees make no representation or warranty concerning, and have given no advice in relation to, the financial benefit or taxation consequences of participating in the Plan.
- (c) Participants are advised that any advice given by the Group and its officers, employees and representatives is general advice only and does not take account of their particular circumstances. Participants should consider obtaining their own financial advice.

### **1.3 Inconsistency**

To the extent of any inconsistency between this Plan, any Letter of Invitation and any Application:

- (a) a Letter of Invitation takes priority over this Plan unless a provision of this Plan is expressed to be incapable of modification;
- (b) a Letter of Invitation takes priority over any Application; and

- (c) this Plan takes priority over any Application.

Any modifications to the terms of any Application are not binding on the Company unless the Company expressly agrees to those modifications in writing.

## 2 DEFINITIONS AND INTERPRETATION

### 2.1 Definitions

In these Rules, unless the contrary intention appears, the following terms have the meanings given below:

*Application* means an application for one or more Awards which has been completed by an Eligible Person in accordance with Rule 4.1.

*ASX* means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

*ASX Listing Rules* means the official Listing Rules of ASX and any other rules of ASX which apply to an entity while it is a listed entity (or the rules of any other recognised stock exchange (if applicable), each as amended or replaced from time to time, except to the extent of any express written waiver by ASX (or any other recognised stock exchange (if applicable))).

*Award* means:

- (a) an Option;
- (b) a Share Right;
- (c) an RSU; or
- (d) a Restricted Share,

(as applicable), or such other instrument that the Board determines, granted under these Rules in the absolute discretion of the Board and as specified in a Letter of Invitation.

*Board* means:

- (a) all or some of the directors of the Company acting as a board;
- (b) a committee of the Board; or
- (c) a delegate of the Board.

*Business Day* means a day on which banks are open for general banking business in Auckland, New Zealand, excluding Saturdays, Sundays or public holidays in Auckland, New Zealand.



*A Change of Control Event* occurs:

- (a) when a person (together with its Related Bodies Corporate) becomes, or will become, entitled to be registered as the holder of more than 50% of the Share Capital of the Company;
- (b) if the Company is the subject of an amalgamation under the Part 13 of the Companies Act (other than a short form amalgamation) or a Court-approved arrangement, amalgamation or compromise under Part 15 of the Companies Act; or
- (c) upon the sale of all or substantially all of the business and assets of the Group.

*Change of Control Notice* means a notice issued pursuant to Rule 14.2.

*Claim* means any claim, action, proceeding or demand, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

*Companies Act* means the Companies Act 1993 (NZ), as in force from time to time.

*Company* means Aroa Biosurgery Limited.

*Constitution* means the constitution of the Company, as amended from time to time.

*Deal*, when used in relation to an item of property or a right or obligation, includes to sell, offer for sale, transfer, assign or grant or allow to exist any Encumbrance, trust, option or other right in relation to the whole or any part of the item of property, right or obligation (as applicable), provided however that Deal does not include the holding of Shares by the trustee of the Trust on behalf of a Participant,

and *Dealt with* and *Dealing* have a corresponding meaning.

*Director* means a director of the Company from time to time.

*Dispose* means, in respect of an Award, to:

- (a) sell, assign, transfer, convey, grant an option over, grant or allow an Encumbrance or security interest over;
- (b) enter into any swap arrangement, any derivative arrangements or other similar arrangement involving a transfer of credit and/or market risk from a transferee to a transferor;
- (c) approve any scheme of arrangement or other capital reorganisation, the completion of which would result in any of the matters described in paragraphs (a) to (b) above occurring; or
- (d) otherwise dispose of a legal or beneficial interest in the Award,

(and *Disposal* has a corresponding meaning).

*Eligible Person* means any person who is an employee, officer or director of any Group Entity, or such other person as determined by the Board from time to time, provided that, in the case of tax exempt offers made to New Zealand employees, such determination by the Board shall comply with the eligibility criteria outlined in the Appendix to these Rules.

*Encumbrance* means any security for the payment of money or performance of obligations including a mortgage, lien, charge, pledge, trust, power, preferential right, interest or arrangement, restrictive or positive covenant or any agreement to create any of them or allow them to exist.

*Engagement* means:

- (a) employment by any Group Entity;
- (b) engagement to provide personal services (other than as an employee) principally to a Group Entity; or
- (b) engagement as a director of any Group Entity,

(and *Engaged* has a corresponding meaning).

*Exercise Condition* means, in relation to an Award, a condition which must be satisfied or waived before that Award can be exercised, as set out in the relevant Letter of Invitation.

*Exercise Price* means the price payable (if any) by the Participant to exercise the Award as set out in the relevant Letter of Invitation.

*Financial Markets Conduct Act* means the Financial Markets Conduct Act 2013 (NZ).

*Government Agency* means any government, governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.

*Group* means:

- (a) the Company and the Company's Subsidiaries from time to time; and
- (b) any other entity declared by the Board to be a member of the Group.

*Group Entity* means any entity within the Group.

*Issue Price* means the price of an Award (if any) as determined in accordance with Rule 4.3.

*Letter of Invitation* means a letter of invitation to take up Awards from the Company pursuant to Rule 3.1 and in accordance with Rule 3.3.

*Malus Event* means where a Relevant Person is found to have:

- (a) engaged in serious misconduct;

- (b) acted fraudulently or dishonestly in their involvement with the Group;
- (c) acted, or failed to act, in a way that brings a Group Entity into disrepute;
- (d) wilfully or materially committed a breach of his or her obligations to any Group Entity; or
- (e) acted, or failed to act, in a way that may contribute to any Group Entity:
  - (i) incurring a significant unexpected financial loss, impairment charge, cost or provisions;
  - (ii) breaching a significant legal or regulatory requirement relevant to that Group Entity; or
  - (iii) making a material financial misstatement.

*New Zealand Participants* means New Zealand-based Participants.

*NZ Tax Act* means the New Zealand Income Tax Act 2007 (NZ).

*NZ Exemption Criteria* means the legislative criteria for tax exempt offers to employees as contained in sections CW 26C to CW 26G of the NZ Tax Act.

*Option* means an entitlement to receive a Share or, in certain circumstances, to a cash payment, subject to satisfaction of applicable conditions (including any Vesting Condition) and compliance with the applicable exercise procedure (including payment of any applicable Exercise Price or compliance with any cashless exercise arrangement).

*Optionholder* means a holder of an Option.

*Participant* means:

- (a) an Eligible Person who has been issued a Letter of Invitation and has returned a corresponding Application to the Company which has been accepted by the Company pursuant to Rule 4.4; and
- (b) a person who holds Awards on behalf of, at the nomination of, or by transfer from, an Eligible Person who has been issued a Letter of Invitation and has returned a corresponding Application to the Company which has been accepted by the Company pursuant to Rule 4.4.

*Performance-Based Vesting Condition* has the meaning given in Rule 6.1(b)(ii).

*Permitted Transferee* means, in respect of a Participant or Eligible Person:

- (a) that person's spouse;
- (b) that person's biological or legally adopted child of at least 18 years of age;

- (c) a trustee or trustees of a trust set up wholly for the benefit of one or more Participant, Eligible Persons or a person mentioned in paragraphs (a) or (b) (but not including the Trust);
- (d) a company in which all of the issued shares are beneficially held by, and all of the voting rights are beneficially held by:
  - (i) the Participant; and/or
  - (ii) a person or persons mentioned in paragraphs (a), (b) or (c) above; or
- (e) any other person approved by the Board.

*Plan* means the Aroa Biosurgery Omnibus Incentive Plan, the rules of which are set out in this document and, for tax exempt offers made to New Zealand employees, the Appendix to these Rules.

*Relevant Person*, in respect of an Award and a Participant, means:

- (a) the person specified as the Relevant Person in the Letter of Invitation in respect of that Award; or
- (b) if no person is specified pursuant to paragraph (a), the Eligible Person to whom the Letter of Invitation in respect of that Award was originally issued.

*Reorganisation Event* means any one or more of the following:

- (a) a bonus issue of Shares by the Company as defined in the ASX Listing Rules;
- (b) a pro-rata issue of Shares by the Company as defined in the ASX Listing Rules;
- (c) a sub-division or consolidation of Shares in the Company;
- (d) a proposal where securities in the Company are exchanged for securities in a company which is proposed by the Board to become a new holding company of the Group; or
- (e) any other internal reorganisation, recapitalisation, reclassification or similar event with respect to the Share Capital of the Company as determined by the Board.

*Restricted Share* means a Share that is subject to restrictions on Dealing, Vesting Conditions and/or other restrictions or conditions.

*Resulting Share* means a Share issued to a Participant upon the valid exercise of an Option or the vesting of a Share Right in accordance with these Rules.

*RSU* means a Share Right offered in the form of a "Restricted Stock Unit", which is subject only to Service-Based Performance Conditions (unless otherwise specified in the relevant Letter of Invitation).

*Rules* means these rules as amended from time to time and, for tax exempt offers made to New Zealand employees, the Appendix to these Rules.

*Service-Based Vesting Condition* has the meaning given in Rule 6.1(b)(i).

*Share* means a fully paid ordinary share in the capital of the Company. A reference to a Share includes a reference to a Restricted Share.

*Share Capital* means all of the Shares on issue.

*Shareholder* means a holder of Shares in the Company from time to time.

*Share Right* means an entitlement to a Share or, in certain circumstances, to a cash payment, subject to satisfaction of applicable conditions (including any Vesting Condition) and compliance with any applicable exercise procedure.

*Subsidiary* has the meaning given in section 5 of the Companies Act 1993 (read as if the expression "company" in that section included any person).

*Tax* means any taxes, levies, imposts, charges and duties imposed by any Government Agency (including, stamp and transaction duties) together with any related interest, penalties, fines and expenses in connection with them.

*Termination Date* means, in relation to an Award, the 'termination date' which is specified for exercise of that Award in the Letter of Invitation (if any).

*Tranche* means any Awards that are subject to the same Vesting Conditions and Exercise Conditions, as set out in the relevant Letter of Invitation;

*Trust* means a trust established in accordance with Rule 10.

*Unvested Award* means an Award which is not a Vested Award.

*Vested Award* means an Award which is a Vested Award pursuant to Rule 6.2.

*Vesting Condition* means, in relation to an Award, any condition which must be satisfied or waived before that Award becomes a Vested Award, as set out in the relevant Letter of Invitation.

*Vesting Date* means, in relation to an Award, the date specified in the relevant Letter of Invitation on which that Award vests.

*VWAP* means, in respect of any period, the volume weighted average price (calculated to two decimal places) for the Shares traded on the financial market conducted by the ASX (or such other financial market determined by the Board from time to time) during the relevant period:

- (a) calculated by excluding any and all:
  - (i) trades pursuant to the exercise of options over Shares; and
  - (ii) trades which the Board reasonably decides to exclude on the basis that they are not representative of the general price at which securities are

trading on ASX (or such other financial market determined by the Board from time to time) in the context of trading in Shares on the day on which the trades took place; or

- (b) calculated according to standard or customary commercial market practice in New Zealand or Australia as reasonably determined by the Board.

## 2.2 **Interpretation**

In these Rules, unless expressed to the contrary:

- (a) terms defined in the Companies Act have the same meaning in these Rules;
- (b) words importing:
  - (i) the singular include the plural and vice versa;
  - (ii) any gender include the other genders;
- (c) if a word or phrase is defined, cognate words and phrases have corresponding definitions;
- (d) a reference to:
  - (i) a person includes a firm, unincorporated association, corporation and a government or statutory body or authority;
  - (ii) a person includes its legal personal representatives, successors and assigns;
  - (iii) a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (iv) a right includes a benefit, remedy, discretion, authority or power;
  - (v) "\$" or "dollars" is a reference to the lawful currency of Australia, unless otherwise specified in the relevant Letter of Invitation;
  - (vi) this or any other document includes the document as varied or replaced and notwithstanding any change in the identity of the parties; and
  - (vii) any thing (including, without limitation, any amount) is a reference to the whole or any part of it and a reference to a group of things or persons is a reference to any one or more of them;
- (e) the words "includes" or "including", "for example" or "such as" when introducing a list of items do not exclude a reference to other items, whether of the same class or genus or not; and
- (f) if a period occurs from, after, until or before a day or the day of an act or event, it excludes that day.

**2.3 Headings**

Headings are for convenience only and do not affect the interpretation of these Rules.

**2.4 Inconsistencies**

Notwithstanding anything to the contrary in any Participant's terms of Engagement but subject at all times to these Rules, if there is any inconsistency between these Rules and a Participant's terms of Engagement, these Rules prevail.

**3 LETTERS OF INVITATION TO PARTICIPATE**

**3.1 Letters of Invitation**

- (a) The Board may from time to time invite any Eligible Person to participate in the Plan on the terms and subject to the conditions of these Rules and on such other terms as the Board determines.
- (b) If the Board invites an Eligible Person to participate in the Plan, the Company must issue the Eligible Person with a Letter of Invitation.

**3.2 Power to revoke Letters of Invitation**

The Board may revoke a Letter of Invitation it has issued at any time until the Board formally accepts an Application in respect of that Letter of Invitation under Rule 4.4.

**3.3 Contents of Letter of Invitation**

Without limiting the Board's discretion, a Letter of Invitation should:

- (a) be in writing or in such legible electronic form as the Board determines; and
- (b) set out the particulars of the Eligible Person's proposed participation in the Plan including:
  - (i) the number and type of Awards, or the method by which the number of Awards will be calculated;
  - (ii) the Issue Price(s) of those Awards (if any);
  - (iii) any Tranches of Awards; and
  - (iv) any Vesting Conditions attaching to those Awards;
- (c) set out the date by which the Eligible Person must return the Letter of Invitation as a completed Application; and
- (d) specify if the offer to participate is a tax-exempt offer under Rule 9.

**3.4 Board's discretion**

- (a) The Board may determine in its discretion:
  - (i) whether to invite any person to participate in the Plan;
  - (ii) whether to revoke any Letter of Invitation or invitation made to any person to participate in the Plan;

- (iii) the timing of any Letter of Invitation; and
  - (iv) the terms of any person's proposed participation in the Plan including the number, type and terms of the Awards.
- (b) Eligible Persons may be invited to participate in the Plan on different terms.
- (c) An Eligible Person may be issued with more than one Letter of Invitation, in which case each Letter of Invitation may contain different terms.
- (d) In the case of tax exempt offers made to New Zealand Employees, the Board may not exercise any of the discretions outlined above if doing so would be inconsistent with the NZ Exemption Criteria and / or the terms of the Appendix to these Rules.

#### 4 **APPLICATION FOR AND ALLOCATION OF AWARDS**

##### 4.1 **Application for Awards**

- (a) Once an Eligible Person has received a Letter of Invitation, the Eligible Person may apply for the issue of the Awards detailed in that Letter of Invitation by:
- (i) validly executing the Application attached to or provided with that Letter of Invitation (in the form required by the Company) and returning it to the Company;
  - (ii) paying to the Company the Issue Price (if any) for the Awards applied for by the Eligible Person under the relevant Letter of Invitation; and
  - (iii) if required by the Constitution or the Company, executing any other documents necessary to enable the issue of the Awards to the Eligible Person and delivering them to the Company, with those documents together referred to as an "Application".
- (b) An Award may only be applied for, and acquired by, an Eligible Person. An associate (including a relative) or a nominee of an Eligible Person is not permitted to apply for, or acquire, an Award under this Plan, unless the Board determines otherwise.

##### 4.2 **Time limit to submit Applications**

- (a) Subject to Rule 4.2(b), an Eligible Person must submit an Application pursuant to Rule 4.1 within 14 days of the date of the relevant Letter of Invitation or the Application will not be valid.
- (b) The Board may at its discretion extend or shorten the time for submission of an Application beyond the period referred to in Rule 4.2(a).

##### 4.3 **Issue Price**

The Issue Price (if any) of an Award will be determined by the Board from time to time and described in the relevant Letter of Invitation, and may be nil. In the case of the tax exempt offers made to New Zealand employees, the Issue Price shall not be inconsistent with the NZ Exemption Criteria and / or the terms of the Appendix to these Rules.



**4.4 Acceptance of Applications**

Once an Eligible Person has complied with Rule 4.1, the Board may accept the Application by issuing, or procuring the transfer of, the Awards detailed in the relevant Letter of Invitation to the Eligible Person.

**4.5 Lapse of Applications**

An Application lapses if it is not accepted in accordance with Rule 4.4 within 28 days of its receipt by the Company, unless the Board determines to extend that period, unless any part of that 28-day period falls within a 'black-out period' in respect of the Company's Shares, in which case the acceptance period shall be extended to the first trading day after expiry of that black-out period. Notwithstanding the foregoing, the Board may in its discretion determine to extend the period for accepting an Application.

**4.6 Allocation of Awards and participation in the Plan**

If the Board accepts an Application in accordance with Rule 4.4:

- (a) the Company may either (at the Board's discretion):
  - (i) procure the transfer; or
  - (ii) issue,
    - to the Participant the number of Awards set out in the Letter of Invitation and Application by the Eligible Person; and
- (b) the Eligible Person will be entitled to participate in the Plan as a Participant.

**5 RESTRICTIONS ON DEALING**

**5.1 Restrictions on Dealing**

- (a) Where these Plan Rules or the Letter of Invitation provide that any Awards and/or Resulting Shares are subject to restrictions on Dealing, the Board may implement any procedure it deems appropriate to ensure compliance by the Participant and/or a Permitted Transferee (if applicable) with that restriction on Dealing.
- (b) Subject to Rule 5.2 and except as provided in these Rules, Participants must not Deal with any Award or any right or obligation under the Plan (including appointing a nominee to hold them) unless:
  - (i) the Award is a Vested Award;
  - (ii) all Exercise Conditions applicable to that Award (if any) have been met; and
  - (iii) any restrictions on Dealing set out in the Letter of Invitation have ceased to have effect, unless otherwise determined by the Board.
- (c) Subject to receipt of prior approval from the Board (which may be given or withheld for any reason), the Participant may transfer Awards to a Permitted Transferee.

**5.2 General requirements for Dealing**

Any Dealing with an Award or any right or obligation under the Plan must be undertaken in a form and manner approved by the Board.

**5.3 Void dealings**

If any Dealing with an Award or any right or obligation under the Plan, or any scheme, arrangement or transaction, breaches this Rule 5:

- (a) it will be treated as void as against the Company, the members of the Company and any Participant; and
- (b) the Company may cancel or buy-back, on terms determined by the Company, some or all of the Awards or Shares of the Participant that has breached this Rule 5, including for nil consideration.

**6 VESTING OF AWARDS**

**6.1 Vesting Conditions**

- (a) An Award may be subject to Vesting Conditions as determined by the Board from time to time and as set out in the Participant's Letter of Invitation.
- (b) Vesting Conditions may be:
  - (i) based on the period of service of the Participant or the Participant's continuous Engagement until the relevant Vesting Date (*Service-Based Vesting Condition*);
  - (ii) based on a performance target being achieved (*Performance-Based Vesting Condition*); and/or
  - (iii) based on any other matter determined by the Board.
- (c) In the case of tax exempt offers made to New Zealand employees, no Award shall be made which is subject to Vesting Conditions which are inconsistent with the provisions of the Appendix to these Rules and / or the NZ Exemption Criteria.

**6.2 Vested Awards**

An Award is a Vested Award if:

- (a) it is not subject to any Vesting Conditions; or
- (b) it is no longer subject to any unsatisfied Vesting Conditions; or
- (c) all Vesting Conditions in respect of the Award have been satisfied or waived by the Board pursuant to these Rules.

**6.3 Vesting Conditions satisfied at the discretion of the Board**

Notwithstanding any other provision of these Rules, the Board may:

- (a) waive or vary any Vesting Condition; and

- (b) determine that any Vesting Condition is satisfied notwithstanding that it may not be.

A waiver or determination under Rule 6.3 may be given retrospective effect, notwithstanding that the waiver may not occur until after that time. In the case of tax exempt offers to New Zealand employees, the Board may not waive any Vesting Condition or make any determination under this Rule 6.3 if doing so would be inconsistent with the provisions of the Appendix to these Rules and / or the NZ Exemption Criteria.

#### 6.4 **Satisfaction of Service-Based Vesting Conditions**

Unless otherwise specified in the relevant Letter of Invitation, a Service-Based Vesting Condition is satisfied if:

- (a) the Relevant Person is Engaged by a Group Entity on a continuous basis until the relevant Vesting Date specified in the relevant Letter of Invitation; or
- (b) the Relevant Person completes the number of years continuous Engagement (allowing for any leave to which the Relevant Person is entitled) as specified in the relevant Letter of Invitation; or
- (c) the Board determines that the relevant Service-Based Vesting Condition is to be treated as satisfied notwithstanding that it may not have been. In the case of tax exempt offers to New Zealand employees, the Board may not make any determination under this Rule 6.4 if doing so would be inconsistent with the provisions of the Appendix to these Rules and / or the NZ Exemption Criteria.

For the purpose of Rule 6.4:

- (d) Engagement may be with one or more Group Entities and need not be continuously with any particular Group Entity, provided that the Participant is at all relevant times Engaged by at least one Group Entity; and
- (e) any approved leave taken by a Participant will be treated as forming part of that Participant's period of Engagement.

#### 6.5 **Satisfaction of Performance-Based Vesting Conditions**

A Performance-Based Vesting Condition is satisfied if, and only if:

- (a) the relevant performance target specified in the Letter of Invitation is achieved, as determined by the Board; or
- (b) the Board determines that the relevant Performance-Based Vesting Condition is to be treated as satisfied notwithstanding that it may not have been.

#### 6.6 **Disputes regarding Performance-Based Vesting Conditions**

A Participant may not dispute a determination made by the Board under Rule 6.5.

### 7 **EXERCISE OF VESTED AWARDS**

#### 7.1 **Exercise Conditions**

- (a) An Award may only be exercised if it is a Vested Award.

- (b) A Vested Award may be exercised if:
  - (i) it is not subject to any Exercise Conditions; or
  - (ii) it is no longer subject to any unsatisfied Exercise Conditions; or
  - (iii) all Exercise Conditions applicable to that Vested Award are satisfied or waived by the Company in accordance with these Rules.
- (c) If no Exercise Conditions attach to an Award, the Award may be exercised on and from the time it becomes a Vested Award.
- (d) A Letter of Invitation may provide for:
  - (i) the automatic exercise or settlement of Vested Awards which have no unsatisfied Exercise Conditions; or
  - (ii) automatic settlement or conversion of a Vested Award (without any requirement for or to exercise, automatic or otherwise).

#### 7.2 **Waiver of Exercise Conditions**

Notwithstanding any other provision of these Rules, the Board may:

- (a) waive any Exercise Condition; and
- (b) determine that any Exercise Condition is satisfied notwithstanding that it may not be, provided that in the case of tax exempt offers to New Zealand employees, the Board may not waive any Exercise Condition or make any determination under this Rule 7.2 if doing so would be inconsistent with the provisions of the Appendix to these Rules and / or the NZ Exemption Criteria.

#### 7.3 **Exercise of Vested Award**

Where a Vested Award is capable of being exercised in accordance with Rule 7.2, the Participant may exercise that Vested Award by:

- (a) delivering to the Company:
    - (i) a written notice substantially in the form approved by the Company, duly completed and executed by the Participant;
    - (ii) the certificate for that Vested Award (if one has been issued); and
    - (iii) such other documents as may be required by the Board or the Company under the Constitution, including documents which are required of holders of Shares even though the Participant may not yet be a holder of Shares; and
  - (b) paying the Exercise Price (if any) to (or as directed by) the Company,
- at any time prior to the earlier of the time specified in the Participant's Letter of Invitation (if any) and the Termination Date.

**7.4 Net settlement**

If specified in the terms of the Letter of Invitation, on request from a Participant, the Board may elect (but is not obliged) to apply a net settlement procedure as follows in respect of Options with an Exercise Price that is not nil:

- (a) the Participant will not be required to pay the Exercise Price for the Options which are exercised; and
- (b) the number of Shares which must be issued to the Participant as a result of the Exercise is the number given by the following formula:

$$N = n - \frac{EP}{P}$$

Where:

N = the number of Shares to be issued resulting from the exercise, rounded in accordance with Rule 22.1(a);

n = the total number of Shares which would be issued as a result of the Exercise of the Options pursuant to Rule 7.3 if the Participant paid the Exercise Price for each Option pursuant to Rule 7.3(b);

EP = the aggregate of the Exercise Prices for all Options Exercised by the Participant pursuant to Rule 7.3, expressed in dollars and cents;

P = the VWAP over the 5 trading days prior to the date on which the Options are Exercised, expressed on a per share basis, in dollars and cents rounded down to the nearest whole cent.

**7.5 Lapse and Expiry of Awards**

- (a) If:
  - (i) the Participant does not exercise a Vested Award under Rule 7.3 by the relevant date determined in accordance with Rule 7.3; or
  - (ii) a Vesting Condition or Exercise Condition applicable to an Award becomes incapable of being satisfied,

that Award will (unless otherwise set out in the Participant's Letter of Invitation or determined by the Company) be forfeited and expire.

- (b) All rights and obligations attaching to an Award cease to be of any force or effect once that Award is forfeited and expires.

**8 ALLOCATION OF SHARES**

**8.1 Allocation following exercise or vesting (as applicable)**

Subject to Rule 7.4, on:

- (a) a Share Right becoming a Vested Award; or
- (b) the exercise of a Vested Award which is an Option,

the Company must, subject to the terms of the Letter of Invitation, either:

- (c) issue to, or if permitted under the relevant Letter of Invitation procure the transfer to the Participant of, such corresponding number of Shares in respect of the relevant Vested Award and in doing so, the Company is taken to have allocated those Shares in accordance with these Rules; or
- (d) pay to the Participant a cash amount of equivalent value in lieu of an allocation of Shares. For the avoidance of doubt, the Board may determine that some or all of a Participant's Share Rights or Options will be settled in this way.

## 8.2 **Share ranking**

Any Shares issued under the Plan pursuant to an Award will rank equally with all other Shares of the same class for the time being on issue by the Company, except as regards to any rights attaching to Shares by reference to a record date prior to the date of their issue.

## 8.3 **Listing of Shares on ASX**

If Shares of the same class as those issued pursuant to an Award are quoted on ASX, the Company will apply for quotation of Shares issued under the Plan within the period required by ASX.

## 8.4 **Notification of Share allocation**

The Company must ensure that, as soon as reasonably practicable after the Company has allocated Shares to a Participant in accordance with Rule 8.1, the Company gives the Participant written notice specifying the:

- (a) number of Awards that have vested or been exercised; and
- (b) number of Shares (if any) allocated to the Participant.

## 8.5 **Payment of cash equivalent**

If a cash payment is made to a Participant in lieu of an allocation of Shares in accordance with Rule 8.1(d), the Company must:

- (a) in respect of Share Rights, pay to the Participant an amount in Australian or New Zealand dollars (or any other currency determined by the Board in its absolute discretion) calculated by multiplying the number of Shares underlying the relevant Share Rights that the Board determines will be settled by a cash payment by the VWAP over the 10 trading days prior to the date on which the Share Rights became a Vested Award; and
- (b) in respect of Options:
  - (i) refund any amount paid by the Participant to exercise those Options; and
  - (ii) pay to the Participant an amount in Australian or New Zealand dollars (or any other currency determined by the Board in its absolute discretion) calculated by multiplying the number of Shares underlying the relevant Options by the VWAP over the 10 trading days prior to the

date on which the Options were exercised, less any Exercise Price that would otherwise have been payable in respect of those Options.

## 9 **TAX-EXEMPT RESTRICTED SHARES**

Notwithstanding anything else in these Rules, in respect of Eligible Persons who are resident in New Zealand the provisions set out in the Appendix to these Rules apply to any tax exempt offers. For the avoidance of doubt, no Letters of Invitation may be made, discretions exercised, provisions waived, determinations made or any other actions taken under these Rules which would be inconsistent with the provisions of the Appendix to these Rules and / or the NZ Exemption Criteria. Any provision of these Rules which is inconsistent with the NZ Exemption Criteria shall not apply to any tax exempt offer made to New Zealand employees under the Appendix to these Rules.

## 10 **TRUST**

The Board may, in its discretion, use a trust or other mechanism for the purposes of holding and/or delivering any Shares under these Rules on such terms and conditions as determined by the Board in its absolute discretion (*Trust*). For the avoidance of doubt the Board may do all things necessary for the establishment, administration, operation and funding of a Trust.

## 11 **BUY-BACK, CANCELLATION, TRANSFER AND FORFEITURE OF AWARDS**

The Board may impose conditions on an Award which entitle the Company to buy back, cancel, transfer or require the Participant to forfeit their Award, including in circumstances where a Malus Event has occurred (without the written approval of the Board, which may be retrospective). Such conditions must be set out in a Participant's Letter of Invitation.

## 12 **CESSATION OF EMPLOYMENT OR ENGAGEMENT**

### 12.1 **Board discretion on cessation of Engagement**

- (a) If a Participant ceases to be Engaged by a Group Entity, the Board, in its discretion, may determine that some or all of a Participant's Unvested Awards, as applicable:
  - (i) lapse;
  - (ii) are forfeited;
  - (iii) Vest (immediately or subject to conditions);
  - (iv) are only exercisable for a prescribed period and will otherwise lapse; and/or
  - (v) are no longer subject to some or all of the restrictions (including any Vesting Condition) that previously applied.
- (b) The Board may specify in the Participant's Letter of Invitation how the Participant's Awards (including Vested Awards) will be treated on an Engagement ceasing. The applicable treatment may vary depending on the

circumstances in which the Participant's Engagement ceases. In specifying a cessation treatment to apply to an Award, the Board may preserve some or all of its discretion under Rule 12.1.

- (c) For the avoidance of doubt, the provisions of this clause 12 shall not apply to Shares held by Participants as a result of a tax exempt offer to New Zealand employees.

## 13 **MALUS AND CLAWBACK; FORFEITURE**

### 13.1 **Clawback**

- (a) Where in the reasonable opinion of the Board, a Malus Event has occurred in respect of a Participant then the Board may in its discretion clawback any or all of that Participant's Awards or Resulting Shares by:
  - (i) in relation to an Award or Resulting Share which has been sold by that Participant, requiring the Participant to pay all or part of the net proceeds of that sale to the Company, provided that any Exercise Price paid by the Participant to the Company must be paid back to the Participant; or
  - (ii) in relation to an Award or Resulting Share which has not been Disposed of by that Participant, requiring that Award or Resulting Share to lapse or be forfeited (as the case may be),

so as to ensure that no unfair benefit is obtained by the Participant as a result of such actions.

- (b) Where, in the reasonable opinion of the Board, a Participant's Award has vested as a result of a Malus Event occurring in respect of another person, then that Malus Event will be deemed to have occurred in relation to that Participant and the Board may determine:
  - (i) that the relevant Award has not vested and that the Vesting Conditions applicable to that Award will be reset in the manner determined by the Board acting reasonably; or
  - (ii) that Participant's Award or Resulting Share are deemed to be forfeited,

so as to ensure that no unfair benefit is obtained by that Participant as a result of such actions of another person.

### 13.2 **Forfeiture**

- (a) Where Shares are forfeited in accordance with these Rules and the Shares are held by the Participant, the Participant is deemed to have agreed to dispose of his or her legal and/or beneficial interest (as appropriate) in such Shares for no consideration and the Shares will be transferred into the name of the Company's nominee.
- (b) Where Shares are forfeited in accordance with these Rules and the Shares are held by a trustee of a Trust, the Participant's rights in those Shares will be



extinguished for no consideration and the Board may, at any time in the future, request the trustee to hold those Shares for the benefit of a different or new Participant (and, pending implementation of such request, those Shares will comprise general trust property).

- (c) Where Shares are forfeited pursuant to these Rules, the Company will repay to the Participant any Exercise Price paid in relation to those Shares by the Participant.

### 13.3 **Tax exempt offer to New Zealand employees**

The provisions of this clause 13 shall not apply to Shares held by Participants as a result of a tax exempt offer to New Zealand employees.

## 14 **CHANGE OF CONTROL**

### 14.1 **Treatment of Awards on Change of Control Event**

Unless a Letter of Invitation states otherwise, where the Board expects that a Change of Control Event will occur, the Board may:

- (a) waive any Vesting Condition or Exercise Condition; and/or
- (b) determine that any Vesting Condition or Exercise Condition is satisfied.

A waiver or determination under Rule 14.1 is subject to Rule 14.4(c) unless otherwise determined by the Board.

### 14.2 **Change of Control Notice**

- (a) Prior to a Change of Control Event occurring, the Company may provide notice of the Change of Control Event to each Participant (*Change of Control Notice*).
- (b) A Change of Control Notice must specify:
  - (i) that a Change of Control Event is expected to occur;
  - (ii) the date on which the Change of Control Event is expected or proposed to occur (if then known);
  - (iii) whether the Board has exercised its discretion under Rule 14.1, and if it has, the number of the Participant's Awards that are, or will become, Vested Awards;
  - (iv) with respect to Awards that require a Participant to exercise the Vested Award, the date by which a Participant must notify the Company that they exercise their Awards contingent on the Change of Control Event occurring in accordance with Rule 14.3, which must be not less than 5 Business Days from the date of the Change of Control Notice; and
  - (v) with respect to Awards that may be automatically exercised, settled or converted after becoming Vested Awards, the date on which such exercise, settlement or conversion will occur, which must be not less than 5 Business Days from the date of the Change of Control Notice.

- (c) Non-compliance with Rule 14.2(b) does not invalidate a Change of Control Notice.

**14.3 Exercise, settlement or conversion of Vested Awards following a Change of Control Notice**

Once a Change of Control Notice has been issued:

- (a) with respect to Awards that require a Participant to exercise the Vested Award, a Participant may give notice to the Company that they exercise their Awards contingent on the Change of Control Event occurring provided that such notice by a Participant must be received by the Company not later than the date specified in the Change of Control Notice; and
- (b) with respect to Awards that may be automatically exercised, settled or converted after becoming Vested Awards, the Board may procure that such exercise, settlement or conversion occurs on or about the date specified in the Change of Control Notice.

**14.4 If Change of Control Event does not subsequently occur**

Unless otherwise determined by the Board, if a Change of Control Notice has been given but the relevant Change of Control Event does not or will not occur (as determined by the Board):

- (a) all Change of Control Notices and other documents executed in response to any Change of Control Notice are deemed to be void and of no effect;
- (b) any monies paid to the Company in accordance with Rule 7.3 in response to any Change of Control Notice must be returned to the relevant Participant and no interest will be payable on those monies by the Company;
- (c) any Unvested Award which became a Vested Award (contingently or otherwise) in accordance with Rule 14.1 will be deemed to be an Unvested Award with the same unsatisfied Vesting Conditions and Exercise Conditions that existed prior to the issue of the Change of Control Notice;
- (d) any Award which was exercised (contingently or otherwise), settled or converted in connection with a Change of Control Notice will be deemed never to have been exercised, settled or converted and remain on issue on the same terms as existed prior to the issue of the Change of Control Notice; and
- (e) the Change of Control Notice will be deemed to have never been given.

**14.5 Notice of lapse of Change of Control Notice**

If Rule 14.4 applies to a Change of Control Notice, the Company must give each Participant notice of that fact as soon as reasonably practicable.

**15 COMPLIANCE WITH LISTING RULES AND LAWS**

**15.1 Compliance with ASX Listing Rules and laws**

Notwithstanding any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, the Board must not issue an Award under the Plan, and no Award may be transferred or otherwise Dealt with unless:

- (a) all necessary approvals from any Government Agency in respect of the issue, transfer or Dealing have been obtained; and
- (b) the issue, transfer or Dealing complies with the Constitution, all applicable laws, regulations and rules that may govern the Company including the Companies Act, the Financial Markets Conduct Act, and, while the Company is listed on ASX, the ASX Listing Rules.

**15.2 ASX Listing Rules to take precedence**

- (a) While the Company is listed on ASX, the following applies:
  - (i) notwithstanding anything contained in this Plan, if the ASX Listing Rules prohibit an act being done, the act must not be done;
  - (ii) nothing contained in this Plan prevents an act being done that the ASX Listing Rules require to be done;
  - (iii) if the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
  - (iv) if the ASX Listing Rules require this Plan to contain a provision and it does not contain such a provision, this Plan is deemed to contain that provision;
  - (v) if the ASX Listing Rules require this Plan not to contain a provision and it contains such a provision, this Plan is deemed not to contain that provision; and
  - (vi) if any provision of this Plan is or becomes inconsistent with the ASX Listing Rules, this Plan is deemed not to contain that provision to the extent of the inconsistency.
- (b) The Board may amend, vary, add to, delete or modify all or any of the provisions of these Rules in any way it considers necessary to give effect to this Rule 15.2.

**16 REORGANISATION EVENT**

- (a) The Plan continues to apply in full force and effect despite any Reorganisation Event.
- (b) Subject to clause 17, if any Reorganisation Event occurs before all Awards are Vested, the Board may, in its absolute discretion (but subject always to the ASX Listing Rules), procure that the terms of the Plan or the terms on which the Awards have been granted are varied in such a way as determined by the Board in its absolute discretion (but subject always to the ASX Listing Rules), which neither disadvantages nor advantages that Participant nor adversely affects the rights of the other Shareholders, to account for the effect of the Reorganisation Event.
- (c) Each Participant agrees to any such variations to the Plan.

- (d) If a Reorganisation Event occurs, the Board may require that Awards are exchanged for similar securities in any new holding company. Each Participant and each Relevant Person agrees to take such steps as are reasonably required by the Board to give effect to any Reorganisation Event.

## 17 ADJUSTMENT OF OPTIONS

### 17.1 Reconstructions

Subject to the ASX Listing Rules, if at any time after the date of issue of an Option and prior to the exercise, Termination Date or cancellation of an Option there is a reorganisation of the Shares the following provisions will apply:

(a) **Consolidation**

If there is a consolidation of the Shares:

- (i) each Option must be consolidated in the same ratio as the Shares; and
- (ii) the Exercise Price of each Option must be amended in inverse proportion to that ratio.

(b) **Sub-division**

If there is a sub-division of the Shares:

- (i) each Option must be sub-divided in the same ratio as the Shares; and
- (ii) the Exercise Price of each Option must be amended in inverse proportion to that ratio.

(c) **Capital return**

If there is a return of capital of the Company to holders of Shares:

- (i) there is no change to the number of Options issued; and
- (ii) the Exercise Price of each Option must be reduced by the same amount as the amount returned in relation to each Share, to a minimum of zero.

(d) **Capital reduction**

If there is a reduction in the Share capital (where no Shares are cancelled) by a cancellation of Share capital that is either lost or not represented by available assets, the number of Options and the Exercise Price of each Option does not change.

(e) **Equal reduction**

If there is a pro-rata cancellation of Share capital:

- (i) the number of Options must be reduced in the same ratio as the Share capital; and
- (ii) the Exercise Price of each Option must be amended in inverse proportion to that ratio.

(f) **Other cases**

If none of Rules 17.1(a) to (e) apply, the number of Options or the Exercise Price of the Options, or both, must be reorganised or amended (as appropriate) so that the Optionholder will not receive a benefit that holders of Shares do not receive.

**17.2 Notification**

The Company must notify each Optionholder of any adjustments made pursuant to Rule 17.1 as soon as reasonably practicable. A failure to do so will not affect the adjustment.

**17.3 New issues of Shares**

An Optionholder cannot participate in new issues of Shares by the Company with respect to the Options that they hold without first exercising their Options.

**18 POWER OF ATTORNEY**

- (a) Each of the Participants (in its own right) irrevocably appoints the Company and each of the Directors from time to time jointly and severally as its attorney to complete and execute (under hand or under seal) such documents for and on his, her or its behalf as the attorney or attorneys (acting in good faith and in their discretion) think necessary or desirable to give effect to any of the transactions or carry out any other matters contemplated by any provision of these Rules, including without limitation Rule 13.
- (b) Each of the Participants agrees to ratify and confirm whatever the attorney or attorneys lawfully do, or cause to be done, under the appointment.
- (c) Each of the Participants agrees to indemnify the attorney or attorneys against all Claims, demands, costs, charges, expenses, outgoings, losses and liabilities arising in any way in connection with the lawful exercise of all or any of the powers and authorities under that appointment.
- (d) Each of the Participants agree to deliver to the Company and to each Director on demand any power of attorney, instrument of transfer or other document as the Company or any Director may require for the purposes of any of the transactions contemplated by these Rules, including without limitation Rule 13.

**18.2 Application of moneys**

If a Participant defaults in completing the transfer of any Awards or Shares pursuant to these Rules, including without limitation Rule 13:

- (a) the Company (or an independent person nominated by the Company) will hold any applicable purchase moneys on trust for the Participant (but the Company has no obligation to invest such moneys);
- (b) receipt by the Company of the purchase moneys will be good discharge of the transferee's obligation to the Participant and the transferee will not be bound to see to the application of it; and
- (c) the Company must pay the purchase moneys to the Participant (or as required by these Rules) as soon as practicable after completion of the

transfer of any Awards or Shares in compliance with and pursuant to the Rules.

## 19 **ADMINISTRATION OF THE PLAN**

### 19.1 **Administration by the Board**

- (a) The Plan will be administered by the Board in accordance with these Rules.
- (b) The Board may make further provisions for the operation of the Plan which are consistent with these Rules.

### 19.2 **Board powers**

The Board may:

- (a) delegate some or all of the administration of the Plan to any person or committee or sub-committee for any period and on any terms it decides to exercise of any of its powers or discretions under the Plan;
- (b) decide on appropriate procedures for administering the Plan, including the forms and notices to be issued under the Plan;
- (c) make determinations regarding questions of fact or interpretation concerning the Plan and these Rules and any dispute of any kind that arises under the Plan;
- (d) amend, add to or waive any provision of the Plan;
- (e) correct any defect, supply any omission or reconcile any inconsistency in the Plan, including (if applicable) any inconsistency between the Constitution and the Plan;
- (f) determine that any decision made, or permission given, under the Plan, is subject to further conditions decided by the Board; and
- (g) make all other administrative determinations which the Board considers necessary or desirable for the administration of the Plan.

### 19.3 **Board's Discretion**

Subject to the requirements of these Rules, the Company and the Board each have absolute and unfettered discretion:

- (a) to act or refrain from acting under these Rules or concerning the Plan; and
- (b) in exercising any power or discretion concerning the Plan or any rights under the Plan.

### 19.4 **Limit on powers, discretions and obligations**

Any power or discretion which is conferred on the Board by these Rules must be exercised in the interests, or for the benefit, of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

**19.5 Board decisions final and conclusive**

The decisions of the Company and Board respectively as to the interpretation, effect or application of these Rules and all determinations made by the Company or Board under these Rules are final, conclusive and binding on the Participants.

**19.6 Documents**

The Company may from time to time require a Participant to complete and return any documents that are required by law to be completed by the Participant and any other documents which the Company considers should, for legal or taxation reasons, be completed by the Participant.

**19.7 Compliance with Law**

- (a) Despite any other provision of these Rules or any term or condition of the participation of any Participant in the Plan, no Award may be issued, settled, transferred, exercised or bought-back if to do so would contravene the Companies Act, the ASX Listing Rules or any other law.
- (b) Without limitation to Rule 19.8, if any law requires conditions to be imposed on any remuneration of a Participant, or for that Participant's remuneration to be deferred, the Board may impose those conditions or apply that deferral to the Awards granted to the Participant (including Awards that have previously been granted). The Board may do this even if the Awards were originally granted without those conditions or deferral.

**19.8 Overseas Participants and sub-plans**

The Board may take any action consistent with the terms of the Plan, either before or after an Award has been issued or transferred to a Participant, which the Company or the Board deems necessary or advisable to comply with any laws or regulatory requirements of a foreign country, including but not limited to, modifying or amending the terms and conditions governing any Award, or establishing any local country plans as sub-plans to this Plan. Subject to clause 20.2, in addition, under all circumstances, the Board may make amendments to these Rules so as to conform with or take advantage of governmental requirements, statutes or regulations.

**20 AMENDMENT, SUSPENSION AND TERMINATION**

**20.1 Amendment of these Rules**

Subject to Rule 20.2, the Board in its sole discretion, may, by written instrument amend all or any of the provisions of these Rules, including this Rule 20.

**20.2 Limitation on amendment**

No amendment of the provisions of these Rules may materially reduce the rights or increase the obligations of any Participant in respect of their Awards or Shares held at the date of the amendment, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future legal requirements governing or regulating the maintenance or operation of the Plan or like plans;
- (b) to correct any manifest error or mistake;

- (c) to enable contributions or other amounts paid by any Group Entity to qualify as income tax deductions for that Group Entity or any other Group Entity; or
- (d) to enable any Group Entity to comply with any applicable law and its Constitution.

**20.3 Amendments may be retrospective**

Subject to the provisions of this Rule 20, any amendment made pursuant to Rule 20.1 may be given retrospective effect.

**20.4 Suspension and termination**

- (a) Subject to Rule 20.4(b), the Board may in its sole discretion suspend the operation of the Plan or terminate the Plan.
- (b) The suspension or termination of the Plan must not prejudice the existing rights of Participants.

**21 RIGHTS AND OBLIGATIONS OF PARTICIPANTS**

**21.1 Participants' obligations**

Participants are bound by:

- (a) these Rules; and
- (b) the Constitution, as amended from time to time.

**21.2 Participants' rights**

Except as expressly provided in these Rules, nothing in these Rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any person the right to be invited to apply for, to be offered, or to receive, any Awards;
- (c) confers on any Participant the right to continue as an employee, officer or contractor of any Group Entity (as the case may be);
- (d) affects an Eligible Person's terms of Engagement with any Group Entity;
- (e) affects any rights which any Group Entity may have to terminate the Engagement of any Participant;
- (f) may be used to increase damages in any action brought against any Group Entity in respect of any termination of Engagement;
- (g) confers on an Eligible Person or a Participant person any rights to compensation or damages in consequence of the termination of their Engagement with a Group Entity for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination; or
- (h) confers on a Participant the right to assign their actual or prospective rights under the Plan, any Awards or any Shares to any person without the consent of the Company.



### 21.3 **Relevant Persons' and Participants' acknowledgments**

By accepting an invitation to participate in the Plan and submitting an Application to the Company, the Participant acknowledges that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, suspended or terminated by the Company at any time, as provided in these Rules;
- (b) participation in the Plan is voluntary and occasional and does not create any contractual or other right to future participation in the Plan, or benefits in lieu of participation in the Plan, even if participation is offered repeatedly;
- (c) all decisions with respect to future participation in the Plan, if any, will be at the sole discretion of the Board;
- (d) the rights and obligations of a Participant under the terms of their employment are not affected by their participation in the Plan and these Rules do not form part of, and will not be incorporated into, any employment agreement of a Participant and the Participant's participation in the Plan will not create a right to further employment with their employer;
- (e) Awards and Shares acquired pursuant to the Plan are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to any Group Entity or the Participant's employer, and which are outside the scope of the Participant's employment contract, if any;
- (f) the future value of the Awards and Shares is unknown and cannot be predicted with certainty and the Shares may increase or decrease in value, even below the Issue Price; and
- (g) the Participant will have no entitlement to compensation or damages as a result of any loss or diminution in the value of Awards or Shares or any other rights acquired pursuant to the Plan, including, without limitation, as a result of the termination of the Participant's employment by any Group Entity or other affiliate for any reason whatsoever and whether or not in breach of contract, and, upon commencing participation in the Plan, the Participant will be deemed irrevocably to have waived any such entitlement as might arise.

### 21.4 **Rights on cessation of Engagement**

- (a) No person, whether a Participant or otherwise, has any Claim, right or interest in respect of the Plan or other property, whether against any Group Entity or any other person, as a consequence of cessation of that person's Engagement or otherwise, except in accordance with these Rules.
- (b) Without limiting Rules 21.3 and 21.4(a), participation in the Plan does not form part of the Participant's remuneration for the purposes of determining payments in lieu of a notice of termination of Engagement, severance payments, leave entitlements, or any other compensation payable to a Participant upon the cessation of Engagement.

**21.5 Other benefits scheme calculations**

No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit-sharing, group insurance, welfare or benefit plan of any Group Entity or Kiwisaver.

**21.6 Participation in other schemes**

Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of a Group Entity unless the terms of that incentive or scheme provide otherwise.

**21.7 Cessation of membership**

A person ceases to be a Participant when all rights and obligations which the Participant is entitled to, or subject to, under the Plan have been satisfied or discharged in accordance with these Rules.

**22 GENERAL PROVISIONS**

**22.1 Fractional Shares**

- (a) Where any provision of these Rules would result in the issue, buy-back or transfer of a fractional number of Awards or Shares that provision is to be construed so that:
- (i) in the case of an issue of Shares, the number is to be rounded down to the nearest whole number; and
  - (ii) in the case of a transfer or buy-back of Shares, the number is to be rounded up to the nearest whole number,
- unless expressly stated otherwise.
- (b) The Board or Company may make any decisions on adjustments or rounding of fractional entitlements or Awards which it considers necessary or desirable in connection with any provision of these Rules.
- (c) The decisions of the Board or the Company respectively as to all calculations made by them under these Rules are final, conclusive and binding on the Participant and any person with any interest in any Awards in the absence of manifest error.

**22.2 Notices**

- (a) Any notice required to be given by the Company to a Participant or any correspondence to be made between the Company and a Participant may be given or made by the Board or its delegate on behalf of the Company.
- (b) The address for the delivery, transmission and postage of notices to a Participant is the address of the Participant indicated on the Letter of Invitation or such other address as the Participant may notify to the Company in writing from time to time.

**22.3 Taxes**

- (a) The Company is not responsible for any Taxes which may become payable by a Participant in connection with the issue, transfer or allocation of Awards or Shares, or any other Dealing by a Participant with such Awards or Shares

including the payment of any cash amount. Relevant Persons and Participants are solely responsible for all such amounts.

- (b) Notwithstanding any other Rule, if the Company is required to make or deemed to make a payment to a Participant under these Rules, the Company may deduct or withhold any amount in respect of Taxes payable as a result of the payment (including by withholding Awards and Shares and selling them to raise the necessary funds at any price reasonably obtainable by the Company).

#### 22.4 **Data protection**

By participating in the Plan, the Participant consents to the holding and processing of personal data and information provided by the Participant for the purposes of the Plan. These purposes include, but are not limited to:

- (a) administering and maintaining employee and Participant records;
- (b) providing information to members of the Group, registrars, brokers or third party administrators of the Plan (if any) or advisers of the Board; and
- (c) providing information to corporate advisers or potential future third party purchasers in connection with a sale of shares in a member of the Group, or the business and assets of a member of the Group.

#### 22.5 **Severability**

If the whole or any part of a provision of these Rules, any Letter of Invitation, any Application is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remaining provisions have full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This Rule 22.5 has no effect if the severance alters the basic nature of these Rules, any Letter of Invitation or any Application, or is contrary to public policy.

#### 22.6 **Entire agreement**

These Rules, any Letter of Invitation and any Application constitute the entire agreement between the Company and the relevant Participant about their subject matter.

#### 22.7 **Discretion in exercising rights**

The Board or the Company may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless these Rules expressly state otherwise.

#### 22.8 **Partial exercise of rights**

If the Board or the Company does not exercise a right or remedy fully or at a given time, the Board or the Company may still exercise it later.

#### 22.9 **No liability for loss**

The Company is not liable for costs or loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under these Rules.

**22.10 Waiver**

A provision of these Rules, any Letter of Invitation or any Application, or a right created under any of them, may not be waived except in writing, signed by the party or parties to be bound.

**22.11 Construction**

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, these Rules or any part of it.

**22.12 Governing law**

These Rules are governed by and are to be construed in accordance with the laws of New Zealand, and in the case of exempt offers of Restricted Shares made to New Zealand Participants, the NZ Tax Act.

## **APPENDIX – RULES IN RESPECT OF ELIGIBLE PERSONS WHO ARE RESIDENT IN NEW ZEALAND**

### **1 OPERATION OF THE PLAN AS IT RELATES TO TAX EXEMPT SHARES AWARDED TO NEW ZEALAND PARTICIPANTS**

#### **1.1 Tax Exempt Restricted Shares for New Zealand Participants**

- (a) The terms of this Appendix shall apply to all tax exempt offers of Restricted Shares made to New Zealand based employee Participants.
- (b) No tax exempt offers of Restricted Shares shall be made to New Zealand based Participants on terms which are inconsistent with the terms of this Appendix or the NZ Exemption Criteria.
- (c) To the extent of any conflict between any other Plan document and this Appendix, the terms of this Appendix shall prevail.

#### **1.2 Participation limited to employees only**

Tax exempt offers of Restricted Shares under this Appendix of the Plan may only be made to Participants who are employees of the Company or a New Zealand subsidiary of the Company and may not be made to:

- (a) Directors of the Company or directors of a member of the Group unless the director is also an employee of the Company or a New Zealand subsidiary of the Company;
- (b) any corporation sole, body corporate or unincorporated body; or
- (c) any person who, together with any associated person, holds 10% or more of the issued capital of the Company.

#### **1.3 Acquisition of Restricted Shares**

No tax exempt offer of Restricted Shares shall be made under this Appendix that:

- (a) requires the Issue Price payable by a Participant to be more than the market value of the Restricted Shares at the date of purchase or acquisition;
- (b) results in the market value of Restricted Shares purchased or subscribed for by a Participant under this Appendix in a year exceeding the limit provided for in section CW 26C (2)(b) of the NZ Tax Act or any successor provision from time to time; and
- (c) results in the difference between the market value of Restricted Shares purchased or subscribed for by a Participant under offers made under this Appendix and the amount that the Participant spends on buying the Restricted Shares under this Appendix exceeding the limit provided for in section CW 26C (2)(c) of the NZ Tax Act or any successor provision from time to time in a year.

Market value for the purposes of any tax exempt offer made under this Appendix shall have the meaning provided for in section CW 26DB of the NZ Tax Act.

**1.4 Offer criteria**

The following must be satisfied with respect to all tax exempt offers of Restricted Shares made under this Appendix:

- (a) offers shall be made to any Participant who is a full time permanent employee on an equal basis with offers made to 90% or more of other full time permanent employees;
- (b) if offers are to be made to part-time employees, offers shall be made to any Participant who is a part time employee on an equal basis with 90% or more of other part time employees;
- (c) if offers are to be made to seasonal workers, offers shall be made to any Participant who is a seasonal worker on an equal basis with 90% or more of other seasonal workers;
- (d) if Participants are required to spend a minimum amount buying Restricted Shares, such minimum amount cannot exceed NZ\$1,000 per year;
- (e) if Participants are required to have a minimum period of employment or service before Participants are eligible to participate, such minimum period cannot exceed:
  - (i) three years of full-time work, for full time employees; and
  - (ii) an accumulated period that is the equivalent of three years of full-time work, for other employees.

**1.5 Loans**

If Participants are offered Restricted Shares under the terms of this Appendix for more than nominal consideration:

- (a) a loan for the cost of the Restricted Shares will be made available to Participants;
- (b) any such loan to a Participant to buy Restricted Shares will be free of interest and other charges;
- (c) any such loan will have a maximum term of 60 months and a minimum term of 36 months; and
- (d) any such loan shall be repayable by regular instalments of a month or less; but
- (e) the loan shall be repayable early in full or in part at the Participant's discretion; and
- (f) in the case of a Participant who is on unpaid or parental leave for more than a month, the regular instalments will be suspended while on leave and the term of the loan will be extended accordingly.

**1.6 Serious hardship**

In the event of serious hardship that results or may result from a Participant's continued participation in the arrangements entered into under the terms of this Appendix, then, with the Participant's agreement the Participant may withdraw from the arrangements, and the Company will procure that the Restricted Shares are bought from the Participant for their market value on the day of withdrawal, subject to repayment of any outstanding loan.

**1.7 Withdrawal**

- (a) A Participant may withdraw from the arrangements concluded in relation to the acquisition of any Restricted Shares under this Appendix on one month's notice to the Participant's employing company.
- (b) In the event of a Participant withdrawing from the arrangements in accordance with (a) above, the Company shall procure the purchase of the Participant's Restricted Shares from the Participant for the lesser of the market value of the Restricted Shares on the date of withdrawal and their cost to the Participant, subject to the repayment of any outstanding loan.

**1.8 Dividends**

A Participant will have an absolute and indefeasible entitlement to any dividend declared and paid or payable by the Company on any Restricted Share allocated to a Participant under this Appendix to the Rules. If Restricted Shares are held in trust on behalf of a Participant, any dividend declared and paid or payable shall be paid by the trustee directly to the Participant who shall be treated as having derived such dividend.

**2 DISPOSAL RESTRICTIONS**

2.1 A Restricted Share allocated to a Participant under this Appendix to the Rules will be subject to a period of restriction during which the Restricted Shares cannot be disposed of (other than as part of a takeover or similar share reorganisation) by or on behalf of a Participant, and that period of restriction shall be the shorter of:

- (a) a period of three years starting on the date the Participant acquired the Restricted Shares;
- (b) a period starting on the date the Participant acquired the Restricted Shares and ending on the date that the Participant ends their employment with the company that employs them, or a company in the Group if the Participant is transferred; and
- (c) if the employee has acquired the Restricted Shares for market value, the period of restriction shall be the shorter of:
  - (i) the shortest period in paragraph (a) and (b) above; and
  - (ii) any period of restriction provided for in the offer terms, if that period finishes on or after the date on which the Participant has no further repayment obligations for a loan made to them under the terms of the offer.

2.2 The Company may implement any procedure it considers appropriate to restrict a Participant from Dealing with any Restricted Shares acquired by a Participant for as long as those shares are Restricted Shares, including requiring that the Restricted Shares be held in a trust on behalf of a Participant.

2.3 **Expiry of period of restriction**

Upon the expiry of the period of restriction referred to in section 2.1 above:

(a) if the period expires under paragraphs 2.1(a) or 2.1(c)(ii) or as a result of the Participant ending their employment by reason of death, serious accident, illness, redundancy or retirement at normal retirement age, the Company will procure that the Restricted Shares are transferred to the Participant (or in the case of the period of restriction ending due to the death of a Participant, to the legal representative of the Participant's estate) if they have not already been transferred and / or take all actions necessary to ensure that the Participant (or the legal representative of the Participant's estate) can deal with the Restricted Shares or, if the Participant (or legal representative of their estate) chooses, acquire the Restricted Shares from the Participant or trustee or estate for the lesser of:

(i) the cost of the shares to the Participant; and

(ii) the market value of the Restricted Shares on the date the period of restriction ends; and

(b) if the period expires because the Participant ends their employment other than by reason of death, serious accident, illness, redundancy or retirement at normal retirement age, the Company will acquire the Restricted Shares from the Participant for the lesser of:

(i) the cost of the shares to the Participant; and

(ii) the market value of the Restricted Shares on the date the period of restriction ends.

2.4 **Restricted Share entitlements**

For the avoidance of doubt, the imposition of disposal restrictions on a Restricted Share allocated to a Participant under the terms of this Appendix will not affect or limit the rights (including the right to receive a notice of, or to vote or attend at, a meeting of the members of the Company, and to receive any dividends declared by the Company) attaching to that Restricted Share during the relevant disposal restriction period.



## AROA BIOSURGERY LIMITED

### OMNIBUS INCENTIVE PLAN

#### U.S. SUB-PLAN

This U.S. Sub-Plan, as amended from time to time, shall be known as the “US Sub-Plan to the Aroa Biosurgery Limited Omnibus Incentive Plan” (the “**US Sub-Plan**”). This US Sub-Plan is effective as of \_\_\_ December, 2024 (the “**Effective Date**”), subject to the timely approval of the Shareholders as set forth in Section 6.1 of this US Sub-Plan. The provisions specified hereunder apply only to Participants who are subject to U.S. federal income tax. The purpose of this US Sub-Plan is to establish certain rules and limitations applicable to Awards that may be granted or issued under the Aroa Biosurgery Limited Omnibus Incentive Plan (the “**Plan**”) from time to time, in compliance with applicable U.S. tax, securities and other applicable laws currently in force. Except as otherwise provided by this US Sub-Plan, all grants made pursuant to this US Sub-Plan shall be governed by the terms of the Plan. This US Sub-Plan is applicable only to grants made after the Effective Date.

#### 1. **Definitions.**

Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Plan. Notwithstanding anything to the contrary in the Plan, the following definitions will apply to grants made pursuant to the Plan and this US Sub-Plan:

1.1 “**Code**” means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

1.2 “**Consultant**” means any U.S. Participant who is a natural person (or entity if such award can be made in compliance with applicable laws) that provides bona fide services to the Company or its affiliates, and such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company’s securities.

1.3 “**Disability**” means, with respect to Incentive Stock Options, a “permanent and total disability” within the meaning of Section 22(e)(3) of the Code.

1.4 “**Employee**” means any U.S. Participant who is an employee of the Company, a Parent or a Subsidiary.

1.5 “**Fair Market Value**” means, as of any date, the value of a Share determined as follows:

(a) if the Shares are listed on one or more established stock exchanges or national market systems, the closing sales price for a Share (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Board) on the date of determination (or, if no closing

sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported);

(b) if the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, the closing sales price for a Share as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for a Share on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported); or

(c) in the absence of an established market for the Shares of the type described in (i) and (ii) above, the Fair Market Value shall be determined by the Board in good faith and in a manner consistent with all applicable laws, including the Code.

Notwithstanding any provision in the Plan to the contrary, with respect to Incentive Stock Options, Fair Market Value shall be determined in a manner that satisfies the applicable requirements of Section 422 of the Code, and subject to Section 422(c)(7) of the Code.

1.6 “**Incentive Stock Option**” means any Award awarded to an eligible Participant under the Plan and this US Sub-Plan intended to be, and designated in the Letter of Invitation as, an “incentive stock option” within the meaning of Section 422 of the Code.

1.7 “**Non-Qualified Stock Option**” means any Award awarded under the Plan and this US Sub-Plan that is not an Incentive Stock Option.

1.8 “**Parent**” means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

1.9 “**Section 409A**” means Section 409A of the Code and the Treasury Regulations thereunder.

1.10 “**Subsidiary**” means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

1.11 “**Ten Percent Shareholder**” means a person owning stock possessing more than 10% of the total combined voting power of all classes of shares of the Company, its Subsidiaries or its Parent.

1.12 “**U.S. Participant**” means any employee, director and consultant of the Company, a Parent or a Subsidiary, who are either U.S. residents or U.S. taxpayers, and who shall have been nominated to participate in the US Sub-Plan by the Board.

## 2. **Shares Reserved under US Sub-Plan for Incentive Stock Options.**

The maximum aggregate number of Shares that may be issued pursuant to this US Sub Plan is 15,000,000 Shares, which shall not be increased without the approval of the Shareholders. The number of Shares stated in this Section 2 shall be subject to adjustment

as provided in Section 5 of this US Sub-Plan (to the extent such adjustments are in accordance with Sections 409A and 424 of the Code, unless otherwise determined by the Board in its discretion). To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of Awards pursuant to this US Sub-Plan. Additionally, any Shares tendered or withheld to satisfy the Exercise Price or tax withholding obligation pursuant to any Award shall again be available for grant under this US Sub-Plan.

### **3. Grants of Awards.**

Awards other than Incentive Stock Options may be granted to Employees and Consultants under this US Sub-Plan. All Employees and Consultants are eligible to be granted Awards under this US Sub-Plan, including Non-Qualified Stock Options, Share Rights and Restricted Shares. Only Employees are eligible to be granted Incentive Stock Options under this US Sub-Plan, if so employed on the grant date of such Incentive Stock Option. Eligibility for the grant of an Award and actual participation in this US Sub-Plan and the Plan shall be determined by the Board in its sole discretion. Notwithstanding the foregoing, any Option intended to qualify as an exempt “stock right” under Section 409A may only be granted with respect to “service recipient stock” (as defined in Section 409A).

### **4. Special Terms for Incentive Stock Options.**

4.1 *Disqualification.* To the extent that any Award intended to qualify as an Incentive Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Award or the portion thereof that does not qualify shall constitute a separate Non-Qualified Stock Option.

4.2 *Exercise Price.* The Exercise Price per Share subject to an Incentive Stock Option shall be determined by the Board at the time of grant of such Incentive Stock Option; provided that the per share Exercise Price of an Incentive Stock Option shall not be less than 100% of the Fair Market Value of the Share at the time of grant of such Incentive Stock Option; and provided, further, that if an Incentive Stock Option is granted to a Ten Percent Shareholder, the Exercise Price per Share shall be no less than 110% of the Fair Market Value of the Share at the time of the grant of such Incentive Stock Option.

4.3 *Award Term.* The term of each Option shall be fixed by the Board; provided, however, that no Option shall be exercisable more than 10 years after the date such Option is granted; and provided, further, that the term of an Incentive Stock Option granted to a Ten Percent Shareholder shall not exceed 5 years.

4.4 *Incentive Stock Option Limitations.* To the extent that the aggregate Fair Market Value (determined as of the time of grant) of Shares with respect to which Incentive Stock Options are exercisable for the first time by an Employee during any calendar year under the Plan and this US Sub-Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds \$100,000, such Shares shall be treated as Shares underlying Non-Qualified Stock Options to the extent required under the Code.

In addition, if an Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until three months prior to the date of exercise thereof (or such other period as required by Section 422 of the Code), such Incentive Stock Option shall be treated as a Non-Qualified Stock Option.

4.5 *Effect of Termination.* Notwithstanding anything to the contrary in the Plan or this US Sub-Plan, and in the absence of a provision specifying otherwise in the relevant Letter of Invitation or Application, then with respect to Incentive Stock Options, the following provisions must be met in order for the Award to qualify as an Incentive Stock Option under the Code:

(a) in the event that the Participant ceases to be an Employee for any reason other than the Participant's death or Disability, the vested Awards must be exercised within 3 months from the Participant's Termination Date;

(b) in the event that the Participant's employment with the Company, a Subsidiary or Parent terminates as a result of the Participant's death or Disability, the vested Award must be exercised within 12 months following the Participant's Termination Date.

For the avoidance of doubt, the provisions of Rule 12 of the Plan shall remain in full force and effect and apply to Awards granted as Incentive Stock Options. The restrictions set forth above represent special additional limitations that apply to qualify as Incentive Stock Options under the provisions of the Code. To avoid doubt, a Participant may choose to exercise Awards in accordance with the terms of Rule 12 of the Plan and the relevant Letter of Invitation, and not in compliance with the provisions of the Code relating to "incentive stock options". In that case such Award will not qualify as an Incentive Stock Option and will be treated as a Non-Qualified Stock Option.

4.6 *Notice of Disposition.* The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Stock Option within (i) two years from the date of grant of such Incentive Stock Option or (ii) one year after the transfer of such Shares to the Participant.

4.7 *Right to Exercise.* During a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant.

## 5. **Adjustment.**

Subject to any required action by the Shareholders, applicable laws and Rules 14, 16 and 17 of the Plan, in the event of a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Shares or other reorganization, any other transaction with respect to the Shares, including any distribution of cash, securities or other property to stockholders (other than a normal cash dividend), a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete), a "corporate transaction" as defined in Section 424 of the Code or any similar transaction, the Board shall appropriately and proportionately adjust (i) the number and kind of Shares

or other securities or property covered by each outstanding Award, (ii) the number of Shares that have been authorized for issuance under the US Sub-Plan, (iii) the Exercise Price or purchase price of each outstanding Award and (iv) any other terms that the Board determines require adjustment, in a manner that complies with Sections 422 and 409A of the Code, as applicable. The Board will make such adjustments, and its determination will be final, binding and conclusive.

## **6. Shareholder Approval; Amendment of US Sub-Plan and Individual Awards.**

6.1 *Shareholder Approval.* This US Sub-Plan shall be submitted to the Shareholders for approval within 12 months after the Effective Date.<sup>1</sup> If the Shareholders fail to approve this US Sub-Plan within such period, then any grants, or exercises that have already occurred under this US Sub-Plan will be rescinded and no additional grants or exercises of Awards granted hereunder will thereafter be made under this US Sub-Plan.

6.2 *Amendment.* The Company shall obtain the approval of the Shareholders for any amendment to this US Sub-Plan and/or to the Plan, if Shareholders' approval is necessary to comply with any applicable law, including Section 422 of the Code, which approval shall be received not later than 12 months after the adoption of such amendment by the Board, if Board approval is required.

## **7. Taxes.**

7.1 *Withholding.* A Participant shall, no later than the date as of which taxes are required by applicable laws to be withheld with respect to an Award, pay to the Group Entity, or make arrangements satisfactory to the Board regarding payment of, such withholding taxes. The obligations of the Company under the Plan and the US Sub-Plan shall be conditional on the making of such payment or arrangements, and the Company shall, to the extent permitted by applicable laws, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant. The Board may require or may permit a Participant to elect that the withholding requirement be satisfied in whole or in part, by having the Company withhold or by tendering to the Company, Shares having a Fair Market Value equal to the minimum statutory withholding with respect to an Award or such other rate that will not cause adverse accounting consequences for the Company and is permitted under applicable laws. The Company may also use any other method of obtaining the necessary payment or proceeds, as permitted by applicable laws, to satisfy its withholding obligation with respect to an Award.

7.2 *Section 409A.* The Plan, the US Sub-Plan and Awards granted thereunder (and payments and benefits thereunder) are intended to be exempt from, or to comply with, Section 409A, and, accordingly, to the maximum extent permitted, the Plan, the US Sub-Plan, Letter of Invitation, Application, and other agreements or arrangements relating to Awards shall be interpreted accordingly. Notwithstanding anything to the

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<sup>1</sup> **Note to Draft:** Please note that this Sub-Plan needs to be approved by Shareholders within 12 months after it is adopted. This is a rule for ISOs, the plan under which they are granted must be approved by Shareholders.

contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, (A) a Participant shall not be considered to have terminated Engagement and no payment or benefit shall be due to the Participant under the Plan, the US Sub-Plan or an Award until the Participant would be considered to have incurred a “separation from service” from the Company and the Related Entities within the meaning of Section 409A and (B) if the Participant is a “specified employee” (as defined in Section 409A), amounts that would otherwise be payable and benefits that would otherwise be provided under the Plan, the US Sub-Plan or an Award during the six-month period immediately following the Participant’s separation from service shall instead be paid or provided on the first business day after the date that is six months following the Participant’s separation from service (or death, if earlier). Each amount to be paid or benefit to be provided under the Plan, the US Sub-Plan or an Award shall be construed as a separate identified payment for purposes of Section 409A. The Company makes no representation that any or all of the payments or benefits provided under the Plan, the US Sub-Plan or an Award will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment or benefit. The Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A, and the Company, the Related Entities and their respective employees, officers, directors, agents and representatives (including legal counsel) will not have any liability to any Participant with respect to any taxes, penalties, interest or other costs or expenses the Participant or any related party may incur with respect to or as a result of Section 409A or for damages for failing to comply with Section 409A.

**8. Section 25102(o) of the California Corporations Code.**

The Plan is intended to comply with Section 25102(o) of the California Corporations Code. In that regard, to the extent required by Section 25102(o), (i) the terms of any Options or other share-based Awards (to the extent applicable), to the extent vested and exercisable upon a Participant’s termination of employment or service, shall include any minimum exercise periods following termination of employment or service specified by Section 25102(o), and (ii) the Awards shall be proportionately adjusted (with respect to Shares covered thereby and, if applicable, the exercise price thereof) in the event of, with respect to Shares, a stock split, reverse stock split, stock dividend, recapitalization, combination, reclassification or other distribution of the Shares without the receipt of consideration by the Company. Any provision of the Plan that is inconsistent with Section 25102(o) shall, without further act or amendment by the Company, be reformed to comply with the requirements of Section 25102(o).

**9. Rule 16b-3.**

Should the Company no longer qualify as a “foreign private issuer” as defined in Rule 405 of Regulation C under the U.S. Securities Act of 1933 and Rule 3b-4 under the U.S. Securities Exchange Act of 1934 (the “**Exchange Act**”), then during any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards and the exercise of Options granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Securities Exchange Act. To the extent that any provision of the Plan or action by the Board does not

comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may modify the Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

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