# Trade Window Holdings Limited Employee Share Option Scheme Rules

These are the rules (**Rules**) of the Trade Window Holdings Limited Share Option Scheme (**Scheme**), being the Scheme under which options (**Options**) to purchase Ordinary shares (**Shares**) in Trade Window Holdings Limited (the **Company**) will be granted to certain persons relevant to the Company or a related company. These Rules set out the terms of the Scheme in an easy-to-understand plain English question-and-answer format. These Rules, together with your letter of invitation to participate (**Offer Letter**), create a legally binding Option contract between the Company and you.

A person who is granted and accepts the offer of Options under the Scheme is deemed to have agreed (i) to be bound by the Rules; (ii) to bound by the terms and conditions specified in the Offer Letter; (iii) on allocation of Shares, to become a shareholder of the Company and be bound by the constitution of the Company; and (iv) to be bound by the Securities Trading Policy.

## 1. What is the purpose of the Scheme?

The purpose of the Scheme is to reward, retain and motivate key contributors to the potential success of the Company by providing them with an opportunity to participate in the equity of the Company through Options to obtain Shares.

The Scheme will enable the Company to retain and motivate participants through the issue of Options as Long Term Incentive awards (**LTI**).

## 2. How many options will be granted?

Options will be granted at the discretion of the board of directors of the Company (the **Board**), subject to any legal or other regulatory requirements (including the NZX Listing Rules, and any shareholder approval, if required).

## 3. How are options granted?

Options are granted by the Company issuing an Offer Letter to the recipient. The Offer Letter will set out the date of grant, the number of options granted (one Option gives the right to obtain one Share), the exercise price payable to exercise an Option (if any) (**Exercise Price**), the vesting period, any vesting conditions (including performance hurdles if any), the timing of the entitlement to exercise the Options (**Exercise Period**) and any other conditions the Board deems appropriate in its sole discretion.

## 4. Do I have to pay for the options?

No. But if you decide to exercise your right to purchase Shares (called "exercising your Option") you must pay the Exercise Price, if any, as set out in the Offer Letter, unless you elect to exercise any of your Options using the *Cashless Exercise Facility* (see question 17 below) and the Board approves that election, in which case you must agree to set-off the agreed Exercise Price against the number of Shares which you are entitled to receive upon exercise of the Option

## 5. What is the agreed Exercise Price for the Shares?

This is set out on your Offer Letter and is determined by the Board.

## 6. Do I have to exercise my Options and purchase Shares?

No. It is entirely up to you whether you do so. You will only be required to pay the Exercise Price, if any, if you decide to exercise your Options, unless you elect to exercise any of your options using the *Cashless Exercise Facility* (see question 17 below) and the Board approves that election, in which case you will agree to set-off the Exercise Price against the number of Shares which you are entitled to receive upon exercise of the Option.

## 7. When can I exercise my Options?

Subject always to Questions 8 and 9, Options become exercisable at any time during the Exercise Period.

## 8. Can my Options lapse?

Yes, your Options will lapse if:

(d) you fail to provide a valid Exercise Notice within the time period set out in your Offer Letter. In no circumstances may Options be exercised after the 5-year anniversary of the date of grant of the Options;

(e) you cease to be employed (see question 9);

(f) a Change of Control event occurs (see question 10);

(g) you provide written notice to the Company that you no longer wish to participate in the Scheme;

(h) you fail to achieve the vesting conditions (if any) within the required period; or

(i) if you are related to the Company otherwise than as an employee, your formal relationship with the company is terminated or expires or otherwise formally ends.

Where your options lapse, the Company will be under no obligation to issue or transfer any Shares to you and all of your rights under the Scheme in relation to lapsed Options will be forfeited.

## 9. What happens if I am an employee and cease to work for theCompany?

Subject to the paragraph below or anything specified to the contrary in your Offer Letter, if you cease to be an employee of the Company for any reason prior to the Vesting Date, your unvested Options will lapse on the date you cease to be an employee (**Leaving Date**).

However, the Board may (in its discretion) in respect of any of your unvested Options as at your Leaving Date:

(d) determine that a pro rata number, or such other number, of your unvested Options will be vested at the Leaving Date, and vest to the extent all the conditions have been satisfied;

(e) modify or waive any applicable conditions or the Vesting Date in respect of your Options;

(f) determine that all or some of your unvested Options will lapse (in which case such lapse will occur on the Leaving Date,

and, in taking such action, the Board may have regard to the proportion of the period that has elapsed as at the Leaving Date, the degree to which the conditions have been achieved, the circumstances around the cessation of employment or any other circumstances that the Board considers relevant.

## 10. What happens on a Change of Control event

If a Change of Control (defined below) event occurs prior to vesting of any Options, all your Options vest and become exercisable on the day such change of control becomes unconditional.

A **Change of Control** event includes:

(a) a takeover bid made for the Company and the Board resolves to recommend the bid to shareholders of the Company;

(b) a court convenes a meeting of shareholders to be held to vote on a proposed scheme of arrangement, pursuant to which control of the majority of the Shares may change;

(c) a notice is sent to the shareholders of the Company proposing a resolution for the winding-up of the Company; or

(d) any transaction or event that, in the opinion of the Board, may result in a person becoming entitled to exercise control over the Company.

## 11. How do I exercise my Options?

By completing the notice of exercise (**Exercise Notice**) (available from the Company) and paying the Exercise Price, unless you elect to exercise any of your Options using the *Cashless Exercise Facility* (see question 17 below) and the Board approves that election, in which case the process in question 17 will apply.

## 12. Can I exercise some of my Options but not all of them?

Yes, but the minimum number of Options that may be exercised on any one occasion is the lesser of 10,000 or all of your Options.

## 13. What happens when I exercise Options?

You will receive one Share in the Company for every Option exercised, with the allotment of such Shares to occur within five business days of the Company receiving a validly completed Exercise Notice and payment of the Exercise Price, unless you elect to exercise any of your Options using the *Cashless Exercise Facility* (see question 17 below) and the Board approves that election, in which case the number of Shares you will receive will be determined in accordance with the formula in question 17. You will hold these Shares on the terms set out in the Company’s constitution.

You will be subject to the Company’s Securities Trading Policy at all times.

## 14. What are the tax implications for me?

Generally, employees are required to pay tax on the gains achieved on the exercise of Options i.e. the difference between the Exercise Price and the value of the Shares acquired on exercise. Where you elect to exercise any options using the *Cashless Exercise Facility* (see question 17 below) and the Board approves that election, the taxable benefit would simply be the market value of the Shares you receive (i.e. the amount of Shares determined in accordance with the formula in question 17).

This must be included as taxable income in your tax return or Inland Revenue pre-populated account for the income year in which you receive the shares. The Company will report this taxable income to Inland Revenue in New Zealand, and to the relevant tax authorities in other jurisdictions as required. Tax on this income will not be paid by the Company and you will need to meet the tax liability yourself. You should obtain your own tax advice in the context of your specific personal circumstances regarding your participation in the plan, and regarding your tax compliance and tax payment obligations.

The Company has the right to withhold or collect from you any tax that the Company is obliged or reasonably believes it is obliged to account for. In exercising this right, the Company may (i) require you to provide sufficient funds (by way of salary deduction or otherwise), (ii) sell Shares to be issued or transferred to you, or cancel the respective number of Options; or (iii) take any other action to effect a deduction of tax.

In addition, once you receive Shares, you will be subject to the normal Shareholder risks. Share values can go up and down in value. You should get independent advice from a professional before exercising your options.

## 15. Can I transfer my Options?

No, unless specifically approved in writing by the Board.

## 16. What happens if the Company reconstructs its Share capital?

It is possible that the Company may reconstruct its Share capital in a way that affects your Options. This could occur, for example, if the Company implements a Share split, Share re-classification, bonus issue, Share consolidation, or other type of construction.

If this occurs, the Board may adjust the number of Options you hold and/or the price payable for Shares and/or the Shares subject to Option in such manner as it considers (in its absolute discretion) to be equitable, subject to any legal requirements including compliance with any listing rules that apply to the Company at that time. For the avoidance of doubt, this does not apply in respect of a share issue.

## 17. Cashless Exercise Facility

(a) Application of the Cashless Exercise Facility will be granted at the discretion of the Board, subject to regulatory requirements including the NZX Listing Rules, and any other circumstances that the Board considers relevant.

(b) You may, subject to paragraph (c) below, request to pay the Exercise Price for an Option by setting off the Exercise Price against the number of Shares which you are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, you will receive Shares to the value of the surplus after the Exercise Price has been set off. Any such request must be expressly made by you in the Exercise Notice. The Board may approve or refuse the request in their sole and absolute discretion.

(c) If you elect to use the Cashless Exercise Facility, you will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price that would otherwise be payable for the Options on the Option being exercised and the then Market Value of Shares at the time of exercise calculated in accordance with the following formula:

$$A = B\,x\frac{(C - D)}{C}$$

Where:

A = the number of Shares to be issued to you under the Cashless Exercise Facility

B = the number of Shares which would be issued to you if the Exercise Price is paid per Option under the traditional exercise mechanism

C = the Market Value of one Share (determined in accordance with the definition of 'Market Value' in (d) below)

D = the per Option Exercise Price of the Option being exercised

(d) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then Market value of Shares at the time of exercise (calculated in accordance with paragraph (b)) is zero or negative, then you will not be entitled to use the Cashless Exercise Facility.

(e) For the purpose of the Cashless Exercise Facility, "**Market Value**" means, in respect of an Option being exercised, the volume weighted average price per Share traded on the primary securities exchange on which the Company's shares are traded over the 20 Business Days immediately prior to the notice of exercise for the relevant Option being given by you to the Company, unless otherwise determined by the Board in their sole discretion.

## 18. Do Options receive dividends or carry votes?

No, Options do not carry voting rights and do not participate in dividends, issues of equity capital, capital having an element of equity, securities convertible into equity capital or similar instruments.

## 19. Can the rules of the Scheme be altered?

Yes, the Board retains the discretion to amend the rules of the Scheme at any time. However, the Board must not make any amendment to the Rules that may materially reduce the rights of any participants, unless the amendment is made primarily for the purpose of complying with laws, to correct any manifest error or mistake, or with the written consent of at least 75% of the current Scheme participants. An amendment can apply retrospectively.

In addition, the Board administers this Scheme and has absolute discretion in exercising any power or discretion concerning the Scheme and may:

(a) delegate, to any person, on terms it decides, the exercise of any of its powers or discretion under this Scheme;

(b) decide on appropriate procedures for administering the Scheme consistent with the Rules;

(c) resolve all questions of fact or interpretation concerning the Scheme and these Rules and any dispute of any kind that arises under the Scheme;

(d) determine, suspend or cease operation of this Scheme at any time and take any action required to give effect to the winding up of the Scheme; and

(e) waive any breach of a provision of the Scheme.

## 20. Rights

You waive all rights to compensation or damages for termination of employment (or other relationship) for any reason whatsoever insofar as those rights arise, or may arise, from ceasing to be entitled to exercise any Option.

You do not have any right to compensation for loss (including for negligence) in relation to the Scheme.

## 21. General

(a) **Governing Law**: The Scheme and any Options granted or Shares issued under it are governed by the laws of New Zealand, and the parties submit to the jurisdiction of the courts of New Zealand.

(b) **Compliance with law:** Despite any other provision of these Rules or any term or condition of the participation In the Scheme, no Options (or Shares on exercise of any vested Options) may be transferred or issued to you if to do so would contravene a provision of any applicable law (including the NZX Listing Rules, the Companies Act 1993 or the Financial Markets Conduct Act 2013).

(c) **Independent advice:** You acknowledge that you have been given the opportunity to seek independent legal advice in relation to the Scheme and the Rules.

(d) **Inconsistency:** If there is an inconsistency between these Rules and the Offer Letter (or any other associated Scheme document), the Offer Letter will prevail to the extent of any inconsistency, followed by these Rules.

(e) **Disputes**: In the event of a dispute, disagreement or uncertainty, as to the interpretation of the Scheme or the Rules, or as to any question or right arising from or related to the Scheme or any Option or Shares granted under it, the decision of the Board is final and binding

# Appendix A
# Worked Example of Cashless Exercise

The following example demonstrates how the cashless exercise mechanism will operate in comparison to how the traditional exercise mechanism currently works:

(a) A participant holds 5,000 Options with an Exercise Price of $1.00 per Option.

(b) All 5,000 Options vest and the participant is entitled to exercise them.

(c) At the time the participant exercises the vested Options, the Market Value of the Company's Shares is $1.50 (where Market Value is determined based on the [20]-day VWAP calculated up to the date immediately prior to the date the notice of exercise was received by the Company).

(d) The difference in how the cashless exercise mechanism will operate in comparison to how the traditional option terms work is shown in the table below:

| **How the Options are exercised under traditional exercise mechanism** | **How the cashless exercise mechanism will operate** |
|---|---|
| A traditional option exercise requires the participant to pay $5,000 to the Company to exercise the Options.<br><br>In return the participant will be issued with 5,000 Shares (being the number of vested Options (5,000) multiplied by the Exercise Price ($1) = $5,000). | A cashless exercise of an option allows a participant to elect to not pay an amount to the Company but receive a reduced number of shares as a result.<br><br>Rather than paying $5,000 to the Company and receiving 5,000 Shares, the participant will not pay an amount to the Company but will receive only 1,666 Shares (refer to calculation below). |
| Immediately following an exercise, the net economic benefit to the participant is $2,500 (the total value of the 5,000 shares based on the Market Value of $1.50 ($7,500) minus the money the participant paid to exercise the vested Options at $1.00 per Option ($5,000)). | Immediately following a cashless exercise, the net economic benefit to the participant is $2,500 as they will have received $2,500 worth of shares (being 1,666 shares at a Market Value of $1.50). |
| That is:<br>• the participant will pay $5,000;<br>• 5,000 new Shares will be issued to the participant; and<br>• the Company will receive $5,000 cash.<br>• the participant will pay tax on $2,500 | That is:<br>• the participant will pay $0;<br>• 1,666 new Shares will be issued to the participant; and<br>• the Company will receive $0 cash.<br>• the participant will pay tax on $2,500 |

**Cashless Calculation –** Using the details from the above example

| | |
|---|---|
| [no. of Options issued to participant] x exercise price = $X | 5,000 x $1.00 = $5,000 |
| [no. of Options issued to participant] x Market Value = $Y | 5,000 x $1.50 = $7,500 |
| $Y - $X = $Z | $7,500 - $5,000 = $2,500 |
| $Z / Market Value = [Shares issued to participant without the participant paying any money] | $2,500/$1.50 = 1,666 shares (rounded down) |