



FROG SYSTEMS LIMITED

ENTERPRISE MANAGEMENT INCENTIVE SHARE OPTION SCHEME

ADOPTED 6.3.2019

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Rules of The Frog Systems EMI Share Scheme

Established by resolution of the board of directors of the Company on 6.3.2019]

Interpretation

1.1 The following definitions and rules of interpretation apply in this Scheme.

51% Subsidiary: has the meaning given in section 989 of the Income Tax Act 2007.

Acting in Concert: has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers.

Asset Sale: the disposal by the Company or a Group Member of all, or a substantial part of, the business and assets of the Group to a person other than a Group Member.

Associate: has the meaning given to "associate" by paragraph 31, paragraph 32 and paragraph 33 of Schedule 5, with Chapter 11 of Part 7 of ITEPA 2003 being applied for the purposes of paragraph 32(2).

Board: the board of directors of the Company or a committee of directors appointed by that board to carry out any of its functions under the Scheme.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Capital Raising: the issue of Shares (in one transaction or a series of transactions) which will result in the subscriber for those Shares and persons Acting in Concert with him together acquiring Control of the Company, except where the subscriber is a company and the shareholders of that company, and the proportion of shares in that company held by each of them following the allotment of the Shares are at least 90% the same as the shareholders and their shareholdings in the Company immediately before the allotment, and which the Board in its discretion decides should be treated as an Exit.

Company: Frog Systems Limited, SC491139.

Control: has the meaning given in section 719 of ITEPA 2003.

CSOP Option: a share option granted under a Schedule 4 CSOP Scheme as defined in Schedule 4 to ITEPA 2003.

Disqualifying Event: has the meaning given in sections 533 to 536 of ITEPA 2003.

Eligible Employee: any Employee who:

- (a) must spend on average at least the Statutory Minimum Time on the business of all the Group Members;
- (b) does not have a Material Interest (either on his own or together with one or more of his Associates); and

- (c) has no Associate or Associates who or which has or (taken together) have a Material Interest.

EMI Option: a qualifying option as defined in paragraph 1(2) of Schedule 5.

Employee: an individual who is an employee of the Company or a Qualifying Subsidiary.

Employer NICs: any secondary class 1 (employer) NICs (or any similar liability for social security contribution in any jurisdiction) that the Company or any employer (or former employer) of an Option Holder is liable to pay as a result of any Taxable Event (or which that person would be liable to pay in the absence of an election of the type referred to in rule 10.2(b)) and that may be lawfully recovered from the Option Holder.

Exercise Condition: a condition that must be satisfied before an Option may be exercised, which complies with rule 3 and is specified in the Option Certificate under rule 2.5.

Exercise Price: the price at which each Share subject to an Option may be acquired on the exercise of that Option, which (subject to rule 14(b)) if Shares are to be newly issued to satisfy the Option, may not be less than the nominal value of a Share.

Exit:

- (a) a Share Sale; or
- (b) an Asset Sale; or
- (c) a Listing; or
- (d) a Capital Raising which the Board has determined should be treated as an Exit.

Grant Date: the date on which an Option is granted under the Scheme.

Group: the Company and its 51% Subsidiaries (references to **Group Member** shall be construed accordingly).

HMRC: HM Revenue & Customs.

ITEPA 2003: the Income Tax (Earnings and Pensions) Act 2003.

Listing: the successful application and admission of all or any of the shares in the capital of the Company, or securities representing such shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official List of the UK Listing Authority or the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc, or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000).

Market Value: the market value of a Share determined to the satisfaction of the Board in accordance with the applicable provisions of Part VIII of the

Taxation of Chargeable Gains Act 1992. If Shares are subject to Relevant Restrictions, the Market Value shall be determined as if they were not.

Material Interest: has the meaning given in paragraph 28 of Schedule 5.

NICs: National Insurance contributions.

Offeror: the buyer or grantee referred to in the definition of Share Sale or, as the case may be, the subscriber referred to in the definition of Capital Raising.

Option: a right to acquire Shares granted under the Scheme.

Option Certificate: a written certificate constituting an Option, issued under rule 2.5.

Option Holder: an individual who holds an Option or, where applicable, his personal representatives.

Personal Data: any personal information that could identify an Option Holder.

Qualifying Exchange of Shares: an event falling within paragraph 40 of Schedule 5.

Qualifying Subsidiary: has the meaning given by paragraph 11 of Schedule 5.

Redundancy: has the meaning given by the Employment Rights Act 1996.

Relevant Restriction: a provision included in any contract, agreement, arrangement or condition (including the articles of association of the Company) to which any of section 423(2), section 423(3) and section 423(4) of ITEPA 2003 would apply if references in them to employment-related securities were references to Shares.

Rollover Period: any period during which Options may be exchanged for options over shares in another company (under paragraph 42 of Schedule 5, rule 13.1 and rule 13.5).

Schedule 5: Schedule 5 to ITEPA 2003, which specifies the requirements that must be met for a share option to be an EMI Option.

Scheme: the employees' share scheme (as defined in section 1166 of the Companies Act 2006) constituted and governed by these rules, as amended from time to time.

Shares: Ordinary Shares of £0.000001 in the Company (subject to rule 13.2(b) and rule 14).

Share Sale: the sale of (or the grant of a right to purchase or to dispose of) any of the Shares (in one transaction or a series of transactions) which will result in the buyer of those Shares (or grantee of that right) and persons Acting in Concert with him together acquiring Control of the Company, except where the buyer is a company and the shareholders of that company, and the proportion of shares in that company held by each of them following

completion of the sale are at least 90% the same as the shareholders and their shareholdings in the Company immediately before the sale.

Statutory Minimum Time: an amount of either:

- (a) committed time, (as defined in paragraph 26 of Schedule 5), equal to the statutory threshold (as defined in that paragraph); or
- (b) reckonable time in relevant employment, (as defined in section 535 of ITEPA 2003), equal to the statutory threshold (as defined in that section).

Sufficient Shares: the smallest number of Shares that, when sold, produce an amount at least equal to the relevant Tax Liability (after deduction of brokerage and any other charges or taxes on the sale).

Taxable Event: any event or circumstance that gives rise to a liability for the Option Holder to pay income tax, NICs or both (or their equivalents in any jurisdiction) in respect of:

- (a) the Option, including its exercise, assignation or surrender for consideration, or the receipt of any benefit in connection with it;
- (b) any Shares (or other securities or assets):
 - (i) earmarked or held to satisfy the Option;
 - (ii) acquired on exercise of the Option;
 - (iii) acquired as a result of holding the Option; or
 - (iv) acquired in consideration of the assignation or surrender of the Option;
- (c) any securities (or other assets) acquired or earmarked as a result of holding Shares (or other securities or assets) mentioned in (b) above; or
- (d) any amount due under pay as you earn (PAYE) in respect of securities or assets in (a) to (c) above, including any failure by the Option Holder to make good such an amount in the time limit specified in section 222 of ITEPA 2003.

Tax Liability: the total of:

- (a) any income tax and primary class 1 (employee) NICs (or their equivalents in any jurisdiction) for which any employer (or former employer) of the Option Holder is or may be liable to account (or reasonably believes it is or may be liable to account) as a result of any Taxable Event; and
- (b) any Employer NICs that any employer (or former employer) of the Option Holder is or may be liable to pay (or reasonably believes it is or may be liable to pay) as a result of any Taxable Event that can be recovered lawfully from the Option Holder.

- 1.2 Rule headings shall not affect the interpretation of the Scheme.
- 1.3 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.5 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.6 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.7 A reference to writing or written includes fax and email.
- 1.8 Any obligation on a party not to do something includes an obligation not to allow that thing to be done.
- 1.9 References to rules are to the rules of the Scheme.
- 1.10 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

2. GRANT OF OPTIONS

- 2.1 The Company (acting through the Board) may grant EMI Options for commercial reasons in order to recruit or retain an Eligible Employee. The Company may not grant EMI Options as part of any scheme or arrangement for which the main purpose (or one of its main purposes) is tax avoidance.
- 2.2 Subject to the rules, the Company (acting through the Board) may grant an Option:
- (a) intended to be an EMI Option, to any Eligible Employee it chooses; and
 - (b) not intended to be an EMI Option, to any Employee it chooses.
- 2.3 The Company may not grant Options at any time when that grant would be prohibited by, or in breach of, any law, or regulation with the force of law.

- 2.4 The Company may grant Options intended to be EMI Options only when the Company is a qualifying company, as defined in paragraph 8 of Schedule 5.
- 2.5 The Company shall grant an Option by issuing an Option Certificate in a form approved by the Board. Each Option Certificate shall (without limitation):
- (a) specify the Grant Date of the Option, which shall not be earlier than the date on which the relevant Option Certificate is executed by the Company;
 - (b) at the discretion of the Board, specify either:
 - (i) that the Option is granted under the provisions of Schedule 5; or
 - (ii) that the Option is not intended to be an EMI Option;
 - (c) specify the number and class of the Shares over which the Option is granted;
 - (d) specify the Exercise Price;
 - (e) specify any Exercise Condition;
 - (f) specify the date when the Option will lapse, assuming that the Option is not exercised earlier and no event occurs to cause the Option to lapse earlier. This date may not be later than the tenth anniversary of the Grant Date;
 - (g) if the Board so decides, specify that Options may not be exercised, or may be exercised only in part, if the Exit meets or fails to meet certain conditions;
 - (h) if the Shares are subject to any Relevant Restriction, include details of that Relevant Restriction;
 - (i) include a statement that the Option is subject to these rules (which shall be incorporated in the Option Certificate by reference);
 - (j) include the terms required by rule 10.1, rule 10.2 and rule 10.6;
 - (k) include a term giving effect to rule 2.6;
 - (l) include a summary of rule 9.1 and rule 9.2(m); and
 - (m) include a declaration by the Option Holder that he complies with the Statutory Minimum Time requirement.
- 2.6 If an Option Holder offered an EMI Option does not correctly complete and sign the Option Agreement and return it to the Group Member that employs him by the date specified in the Option Certificate, the relevant Option shall automatically lapse on the day after the specified date.

2.7 The Group Member that employs the relevant Option Holder shall, in respect of any Option intended to be an EMI Option, comply with its obligations under paragraph 44 of Schedule 5.

2.8 No amount shall be paid by an Employee for the grant of an Option.

3. EXERCISE CONDITION

3.1 On the Grant Date of any Option, the Board may specify one or more appropriate Exercise Conditions for the Option. An Exercise Condition may be specified to apply only to part of an Option and must be capable of being met within ten years after the relevant Grant Date.

3.2 The Board may vary or waive any Exercise Condition, provided that any varied Exercise Condition shall be (in the reasonable opinion of the Board):

- (a) a fairer measure of performance than the original Exercise Condition, as judged at the time of the variation, if the original Exercise Condition relates to a measure of performance; and
- (b) no more difficult to satisfy than the original Exercise Condition was at the Grant Date.

3.3 The Board shall determine whether, and to what extent, Exercise Conditions have been satisfied.

3.4 If an Option is subject to any Exercise Condition, the Board shall notify the Option Holder within a reasonable time after the Board becomes aware of the relevant information:

- (a) whether (and, if relevant, to what extent) the Exercise Condition has been satisfied;
- (b) of any subsequent change in whether, or the extent to which, the Exercise Condition has been satisfied;
- (c) when that Exercise Condition has become incapable of being satisfied, in whole or in part; and
- (d) of any waiver or variation of that Exercise Condition under rule 3.2.

3.5 Subject to rule 3.6 and rule 3.7, if the Board considers that an Exercise Condition has become incapable of being satisfied, in whole or in part, that Option, or the appropriate part of it, shall lapse forthwith.

3.6 If:

- (a) the Option is an EMI Option; and

- (b) the Option Holder also holds an option over Shares (the Non-qualifying Option) which has the same exercise price per Share as the EMI Option; and
- (c) if the Non-qualifying Option was granted under a different employees' share scheme, it is subject to a rule of similar effect to this rule 3.6

then the Board shall aggregate the number of Shares subject to the EMI Option and the Non-qualifying Option as if they were one Option for the purposes of rule 3.5 and shall cause the Non-qualifying Option to lapse first, so that the EMI Option shall not lapse unless the Non-qualifying Option lapses completely.

- 3.7 If the Option is an EMI Option only in part, due to the application of rule 4.2, rule 4.3 or rule 5.3 on the grant of that Option, then the part that is not an EMI Option shall lapse first. Therefore, the part that is an EMI Option shall not lapse until the other part has lapsed completely.

4. OVERALL GRANT LIMITS

- 4.1 At any time, the total Market Value (at the relevant dates of grant) of the Shares (and any other shares in the Company) that can be acquired on the exercise of all EMI Options over the shares must not exceed £3 million (or any other amount as may be specified by paragraph 7 of Schedule 5 at the relevant time). No Option shall be an EMI Option if, immediately before it is granted, the total Market Value (at the relevant dates of grant) of the Shares (and any other shares of the Company) that can be acquired on the exercise of all EMI Options over these shares already equals £3 million (or any other amount as may be specified by paragraph 7 of Schedule 5 at the relevant time).

- 4.2 If the grant of any Option that is:

- (a) intended to be an EMI Option; and
- (b) not granted at the same time as any other Option(s),

would cause the limit in rule 4.1 to be exceeded, that Option shall not be an EMI Option so far as it relates to the excess.

- 4.3 If several Options are:

- (a) intended to be EMI Options; and
- (b) granted at the same time as each other,

and this would cause the limit in rule 4.1 to be exceeded, the Options shall not be EMI Options so far as they relate to the excess. Paragraph 7(5) of Schedule 5 applies for the purpose of determining which part of each of these Options relates to the excess.

5. INDIVIDUAL GRANT LIMITS

5.1 At any time, the total Market Value (at the relevant dates of grant) of the shares (which may include Shares) that an Eligible Employee can acquire on the exercise of EMI Options granted to him by reason of his employment with:

- (a) any Group Member; or
- (b) any two or more Group Members,

may not exceed £249,999 (or any other amount as may be specified by paragraph 5 of Schedule 5 at the relevant time minus £1). No Option shall be an EMI Option if, immediately before it is granted, the total Market Value (at the relevant dates of grant) of the shares that can be acquired on the exercise of all EMI Options held by the relevant Eligible Employee and falling within this rule 5.1 equals £250,000 (or any other amount as may be specified by paragraph 5 of Schedule 5 at the relevant time).

5.2 Any CSOP Options granted to the relevant Eligible Employee by reason of his employment with any Group Member shall be treated as EMI Options to be counted against the limit set out in rule 5.1.

5.3 If the grant of any Option that is intended to be an EMI Option would cause the limit in rule 5.1 to be exceeded, that Option shall not be an EMI Option so far as it relates to the excess.

5.4 If an Eligible Employee has been granted EMI Options over shares (which may include Shares) with a total Market Value of £250,000 (or any other amount as may be specified by paragraph 6 of Schedule 5 at the relevant time) by reason of his employment with:

- (a) any Group Member; or
- (b) any two or more Group Members,

whether or not those EMI Options have been exercised or released, any Option granted to that Eligible Employee shall not be an EMI Option if the Grant Date of that Option falls within the period of three years after the Grant Date of the last EMI Option to be granted to him that falls within this rule 5.4.

6. EXERCISE OF OPTIONS

- 6.1 Subject to the other provisions of this rule 6, rule 7 and rule 12, an Option Holder may not exercise an Option before an Exit.
- 6.2 The period during which the Option Holder may exercise an Option is as follows:
- (a) if the Exit is an Asset Sale, the period of 30 days starting with the date on which the contract for the Asset Sale becomes unconditional in all respects; or
 - (b) if the Exit is a Share Sale, whichever is the earliest to expire of the periods set out in rule 12; or
 - (c) if the Exit is a Listing, the period commencing on Listing and ending on the tenth anniversary of the Grant Date; or
 - (d) if the Exit is a Capital Raising, the period of 30 days starting with the date on which the Offeror acquires Control of the Company.
- 6.3 If the Board considers that a Disqualifying Event has occurred, or is likely to occur, the Board may decide to permit an Option Holder to exercise all or any part of any Option before, on or after the Disqualifying Event, and during any period as the Board may specify. This period may not end later than 90 days following the Disqualifying Event (or any other date as may be specified in section 532(1)(b) of ITEPA 2003).
- 6.4 An Option Holder may not exercise an Option at a time when its exercise is prohibited by, or would be a breach of, any law or regulation with the force of law or other rule, code or set of guidelines (such as a personal dealing code adopted by the Company).
- 6.5 Subject to rule 6.6, an Option Holder may not exercise an Option at any time:
- (a) while disciplinary proceedings by any Group Member are underway against him; or
 - (b) while any Group Member is investigating his conduct and may as a result begin disciplinary proceedings; or
 - (c) while there is a breach of his employment contract that is a potentially fair reason for his dismissal; or
 - (d) while he is in breach of a fiduciary duty owed to any Group Member; or
 - (e) after he has ceased to be an Employee, if there was a breach of his employment contract or fiduciary duties that (in the reasonable opinion of the Board) would have prevented the exercise of the

Option had the Company been aware (or fully aware) of that breach, and of which the Company was not aware (or not fully aware) until after both:

- (i) his ceasing to be an Employee; and
- (ii) the time (if any) when the Board decided to permit him to exercise his Option.

6.6 The Company shall not unfairly frustrate a valid exercise of the Option by the inappropriate application of any provision of rule 6.5.

6.7 An Option Holder may not exercise an Option unless he has made any arrangements, or entered into any agreements, that may be required and are referred to in rule 10.

7. TERMINATION OF EMPLOYMENT

7.1 An Option Holder who gives or receives notice of termination of employment (whether or not lawful) and an Option Holder who ceases to be an Employee (whether or not following notice) may not exercise an Option at any time while the notice remains effective or after ceasing to be an Employee, except where:

- (a) the Board permits the exercise under rule 6.3 or rule 7.5; or
- (b) the employment terminates for one of the reasons set out in rule 7.3(b).

7.2 If an Option Holder dies, his personal representatives may exercise his Option in accordance with rule 7.3 during a period ending no later than 12 months after his death.

7.3 If an Option Holder ceases to be an Employee:

- (a) before an Exit;
- (b) because of any of the following reasons:
 - (i) death; or
 - (ii) injury; or
 - (iii) ill health; or
 - (iv) disability; or
 - (v) retirement; or
 - (vi) Redundancy; or

- (vii) the Option Holder's employer ceasing to be a Group Member;
or
 - (viii) the transfer of the business which employs the Option Holder to a person which is not a Group Member; and
- (c) an Exit occurs within 12 months after so ceasing,

he may exercise an Option during the period specified in rule 6.2 but not more than 12 months after so ceasing.

7.4 If an Option Holder ceases to be an Employee:

- (a) after an Exit; and
- (b) because of any of the reasons set out in rule 7.3(b);

he may exercise an Option during the period specified in rule 6.2 but not more than 30 days after so ceasing.

7.5 The Board may permit an Option Holder who gives or receives notice of termination of employment, or ceases to be an Employee for any of the reasons set out in rule 7.3(b), to exercise all or any part of the Option. If the Board does not make such a decision within 90 days after the termination of employment, the Option will lapse.

7.6 The Board may specify a period for the exercise of an Option under rule 7.5. Such period may not end later than the latest date on which that Option could have been exercised if the Option Holder had not ceased employment.

7.7 An Option to which rule 7.5 applies may be exercised in accordance with the terms of the decision of the Board to permit its exercise and shall lapse according to rule 9.2(i) and rule 9.3.

7.8 The Board shall notify the relevant Option Holder of any decision made under rule 7.5, including any decision not to permit the exercise of an Option, within a reasonable time after making it.

7.9 An Option Holder shall not be regarded as ceasing to be an Employee until he is no longer an employee or director of any Group Member.

8. MANNER OF EXERCISE OF OPTIONS

8.1 An Option shall be exercised by the Option Holder giving a written exercise notice to the Company, as follows:

- (a) setting out the number of Shares over which the Option Holder wishes to exercise the Option. If that number exceeds the number over which the Option may be validly exercised at the time, the Company shall:
 - (i) treat the Option as exercised only in respect of that lesser number; and
 - (ii) refund any excess amount paid to exercise the Option or meet any Tax Liability;
- (b) using a form that the Board will approve; and
- (c) if rule 8.2 applies, including the information specified in that rule 8.2.

8.2 If:

- (a) an Option is an EMI Option only in part, due to the application of rule 4.2, rule 4.3 or rule 5.3 on the grant of that Option; and
- (b) the relevant Option Holder exercises that Option in respect of any number of Shares less than the maximum number over which it could be exercised,

the exercise notice shall specify to what extent (if any) the partial exercise of that Option should be treated as the exercise of that part of the Option that is an EMI Option. If the exercise notice does not specify the extent, it shall be taken to exercise that part of the Option that is an EMI Option in priority to that part of the Option that is not an EMI Option.

8.3 Any exercise notice shall be accompanied by all of the following:

- (a) payment of an amount equal to the Exercise Price multiplied by the number of Shares specified in the notice;
- (b) any payment required under rule 10; and
- (c) any documents relating to arrangements or agreements required under rule 10.

The Option Holder may enter into arrangements to the satisfaction of the Company for payment of the amounts due under this rule 8.3.

8.4 Any exercise notice shall be invalid:

- (a) to the extent that it is inconsistent with the Option Holder's rights under these rules and the Option Certificate; or
- (b) if any of the requirements of rule 8.1 or rule 8.3 are not met; or

- (c) if any payment referred to in rule 8.3 is made by a cheque that is not honoured on first presentation or that fails in any other manner to transfer the expected value to the Company,

The Company may permit the Option Holder to correct any defect referred to in rule 8.4(b) or rule 8.4(c) (but shall not be obliged to do so). The date of any corrected exercise notice shall be the date of the correction rather than the original notice date for all other purposes of the Scheme.

- 8.5 The Company shall allot and issue Shares (or, as appropriate, procure their transfer) within 30 days after a valid Option exercise, subject to the other rules of this Scheme.
- 8.6 Shares allotted and issued in satisfaction of the exercise of an Option shall rank equally in all respects with the other shares of the same class in issue at the date of allotment, except for any Relevant Restriction or any rights determined by reference to a date before the date of allotment.
- 8.7 Shares transferred in satisfaction of the exercise of an Option shall be transferred free of any lien, charge or other security interest, other than any Relevant Restriction, and with all rights attaching to them, other than any rights determined by reference to a date before the date of transfer.
- 8.8 If the Shares are listed or traded on any stock exchange, the Company shall apply to the appropriate body for any newly issued Shares allotted on exercise of an Option to be listed or admitted to trading on that exchange.

9. LAPSE OF OPTIONS

- 9.1 An Option Holder may not transfer or assign, or have any charge or other security interest created over an Option (or any right arising under it). An Option shall lapse if the relevant Option Holder attempts to do any of those things. However, this rule does not prevent the transmission of an Option to an Option Holder's personal representatives on the death of the Option Holder.
- 9.2 Subject to rule 9.4, an Option shall lapse on the earliest of the following:
 - (a) at the end of the 7 day period after the Grant Date if the Option Holder has not yet met the obligations specified in rule 2.6;
 - (b) any attempted action by the Option Holder falling within rule 9.1;
 - (c) when the Board so decides in accordance with rule 3.5, to the extent that an Exercise Condition has become wholly or partly incapable of being met;

- (d) any date on which the Option shall lapse, as specified in the Option Agreement;
- (e) the first anniversary of the Option Holder's death;
- (f) except where the Option is exchanged under rule 13, the end of the period specified in rule 6.2;
- (g) if rule 7.3 applies, the earlier of
 - (i) the end of the period specified in rule 6.2; and
 - (ii) 12 months after the Option Holder ceases to be an Employee;
- (h) if rule 7.4 applies, the earlier of
 - (i) the end of the period specified in rule 6.2; and
 - (ii) 30 days after the Option Holder ceases to be an Employee;
- (i) if rule 7.5 applies, the end of the period (if any) specified under rule 7.6;
- (j) if rule 7.1 applies, and the Board decides under rule 7.5 that it will not permit the Option Holder to exercise the Option, the date the Board so decides;
- (k) if rule 7.1 applies, and the Board makes no decision under rule 7.5, 30 days after the Option Holder ceases to be an Employee;
- (l) if any part of rule 12 applies, the time specified for the lapse of the Option under that part of rule 12; or
- (m) when the Option Holder becomes bankrupt under Part IX of the Insolvency Act 1986, applies for an interim order under Part VIII of the Insolvency Act 1986, proposes or makes a voluntary arrangement under Part VIII of the Insolvency Act 1986, takes similar steps, or is similarly affected, under laws of any jurisdiction that correspond to those provisions of the Insolvency Act 1986.

9.3 Part of an Option shall lapse where rule 7.5 applies and the Board has determined that the Option may be exercised, but only in part.

9.4 If the Option Holder dies, the Option shall lapse on, and not before, the first anniversary of the Option Holder's death, except where rule 12.9 applies.

10. TAX LIABILITIES

10.1 Each Option Certificate shall include the Option Holder's irrevocable agreement to:

- (a) pay to the Company, his employer or former employer (as appropriate) the amount of any Tax Liability; or

- (b) enter into arrangements to the satisfaction of the Company, his employer or former employer (as appropriate) for payment of any Tax Liability.
- 10.2 Unless the Group Member that employs the relevant Employee directs that it shall not, each Option Certificate shall include the Option Holder's irrevocable agreement that:
 - (a) the Company, his employer or former employer (as appropriate) may recover the whole or any part of any Employer NICs from the Option Holder; and
 - (b) at the request of the Company, his employer or former employer, the Option Holder shall elect (using a form approved by HMRC) that the whole or any part of the liability for Employer NICs shall be transferred to the Option Holder.
- 10.3 An Option Holder's employer or former employer may decide to release the Option Holder from, or not to enforce, any part of the Option Holder's obligations in respect of Employer NICs under rule 10.1 and rule 10.2.
- 10.4 If an Option Holder does not fulfil his obligations under either rule 10.1(a) or rule 10.1(b) in respect of any Tax Liability arising from the exercise of an Option within 7 days after the date of exercise and Shares are readily saleable at that time, the Company shall withhold Sufficient Shares from the Shares that would otherwise be delivered to the Option Holder. The Option Holder's obligations under rule 10.1(a) and rule 10.1(b) shall not be affected by any failure of the Company to withhold shares under this rule 10.4.
- 10.5 Option Holders shall have no rights to compensation or damages on account of any tax or NICs liability that arises or is increased (or is claimed to arise or be increased) in whole or in part because of:
 - (a) the limitation under rule 4.2, rule 4.3 or rule 5.3 of any Option intended to be an EMI Option;
 - (b) any decision of HMRC that an Option does not meet the requirements of Schedule 5 and is therefore not an EMI Option, however that decision may arise;
 - (c) any Disqualifying Event, however that event may be caused;
 - (d) the timing of any decision by the Board to permit exercise of an Option under rule 6.3, rule 7.2 or rule 7.5;
 - (e) any failure by the Board to give notice under rule 16.7; or
 - (f) the timing of any notice given by the Board under rule 16.7.

10.6 Each Option Certificate shall include the Option Holder's irrevocable agreement to enter into a joint election, under section 431(1) or 431(2) of ITEPA 2003, in respect of the Shares to be acquired on exercise of the relevant Option, if required to do so by the Company, his employer or former employer, on or before any date of exercise of the Option.

11. RELATIONSHIP WITH EMPLOYMENT CONTRACT

11.1 The rights and obligations of any Option Holder under the terms of his office or employment with any Group Member or former Group Member shall not be affected by being an Option Holder.

11.2 The value of any benefit realised under the Scheme by Option Holders shall not be taken into account in determining any pension or similar entitlements.

11.3 Option Holders and Employees shall have no rights to compensation or damages on account of any loss in respect of Options or the Scheme where this loss arises (or is claimed to arise), in whole or in part, from:

- (a) termination of office or employment with; or
- (b) notice to terminate office or employment given by or to,

any Group Member or any former Group Member. This exclusion of liability shall apply however termination of office or employment, or the giving of notice, is caused, and however compensation or damages are claimed.

11.4 Option Holders and Employees shall have no rights to compensation or damages from any Group Member or any former Group Member on account of any loss in respect of Options or the Scheme where this loss arises (or is claimed to arise), in whole or in part, from:

- (a) any company ceasing to be a Group Member; or
- (b) the transfer of any business from a Group Member to any person that is not a Group Member.

This exclusion of liability shall apply however the change of status of the relevant Group Member, or the transfer of the relevant business, is caused, and however compensation or damages are claimed.

11.5 An Employee shall not have any right to receive Options, whether or not he has previously been granted any.

12. TAKEOVERS AND LIQUIDATIONS

12.1 If the Board considers that a Share Sale or a Capital Raising is likely to occur, the Board may in its absolute discretion decide that the Option Holder may exercise all or any part of any Option within a reasonable period to be specified by the Board for that purpose and ending immediately before the Offeror obtains Control of the Company. The Board shall have discretion to determine that an Option that is not exercised by the end of that period shall lapse (except where the Option Holder has died).

12.2 Subject to rule 7.1, if a Share Sale or a Capital Raising occurs, the Option Holder may exercise an Option within 30 days after the time when the Offeror has obtained Control of the Company.

12.3 Subject to rule 7, if a Share Sale occurs:

- (a) if all the following conditions are met:
 - (i) the Offeror is a company;
 - (ii) the Offeror satisfies the conditions of rule 13.1(d) and rule 13.1(e);
 - (iii) the Option Holder meets the condition of rule 13.1(f); and
 - (iv) the Offeror declares within 10 days following the time when the Offeror has obtained Control of the Company that it is willing to make an agreement under rule 13.1;

any EMI Option shall continue to exist until the earlier of the following:

- (v) the time when the Option Holder releases the Option under an exchange of options falling within rule 13.1; and
- (vi) the latest date on which an applicable Rollover Period expires;

when (except where the Option Holder has died) it shall lapse.

Any Option to which this rule 12.3(a) applies shall not be capable of exercise under any rule of the Scheme after it ceases to be capable of exercise under rule 12.2 (except where the Option Holder has died); or

- (b) if any of the conditions in rule 12.3(a) are not met, and the Offeror is not willing to make an agreement under rule 13.5, the Option shall (except where the Option Holder has died) lapse at the end of the exercise period specified in rule 12.2.

12.4 Subject to rule 7, if a Share Sale occurs and all the following conditions are met:

- (a) the Offeror is a company;
- (b) where the Option is an EMI Option, either:
 - (i) the conditions of rule 13.1(d) and rule 13.1(e) are not satisfied; or
 - (ii) the Option Holder does not meet the condition of rule 13.1(f);

and

- (c) the Offeror declares within 10 days following the time when the Offeror has obtained Control of the Company that it is willing to make an agreement under rule 13.5;

any Option shall continue to exist until the earlier of the following:

- (i) the time when the Option Holder releases the Option under an exchange of options falling within rule 13.5; and
- (ii) the latest date on which an applicable Rollover Period expires;

when (except where the Option Holder has died) it shall lapse.

Any Option to which this rule 12.4 applies shall not be capable of exercise under any rule of the Scheme after it ceases to be capable of exercise under rule 12.2 (except where the Option Holder has died).

12.5 If an Exit occurs, any Option Holder may exercise any Option during any period when any person is bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006. Any Option to which this rule 12.5 applies shall (except where the Option Holder has died) lapse at the later of:

- (a) the end of the period during which that person is bound or entitled; and
- (b) the time specified for the lapse of Options under rule 12.3 or rule 12.4, if either applies.

12.6 In the event of a sale or issue of (or the grant of a right to acquire or to dispose of) any of the Shares (in one transaction or a series of transactions) which will result in the acquiror of those Shares (or grantee of that right) and persons Acting in Concert with him together acquiring Control of the Company, but this does not constitute a Share Sale or a Capital Raising

because the acquiror is a company and its shareholders and the proportion of its shares held by each of them following completion of the sale or allotment are at least 90% the same as the shareholders and their shareholdings in the Company immediately before the sale or allotment, then the Board shall use reasonable endeavours to make such arrangements with the acquiror as the Board, in its reasonable opinion, considers to be fair, for:

- (a) New Options to be offered under rule 13.1 in exchange for any Options that are EMI Options, where the event is a sale and the requirements of rule 13.1 can be satisfied; and
- (b) either suitable replacement options under rule 13.5, or some other appropriate compensation to be offered to Option Holders:
 - (i) to the extent that New Options cannot be offered under rule 13.1 for any Options that are EMI Options; and
 - (ii) for any Options that are not EMI Options

and if the Board is unable to make such arrangements with the acquiror within 30 days after the acquiror has acquired Control, then the provisions of rule 12.2 shall apply to the Options in the same way as if the sale had constituted a Share Sale or a Capital Raising.

12.7 Unless the relevant compromise or arrangement includes appropriate provisions that the Board considers to be fair in its reasonable opinion for:

- (a) the replacement of Options; or
- (b) other compensation for Option Holders for the loss of Options,

the Option Holder may exercise his Option within six weeks after any person (in this rule 12.7, the **Controller**) obtains Control of the Company as a result of the court sanctioning a compromise or arrangement under section 899 of the Companies Act 2006. Any Option to which this rule 12.7 applies shall:

- (c) if an exchange of options falling within either rule 13.1 or rule 13.5 is offered, continue to exist until the earlier of the following:
 - (i) the time when the Option is released under that exchange; and
 - (ii) the latest date on which an applicable Rollover Period expires,

when (except where the Option Holder has died) it shall lapse.

Any Option to which this rule 12.7(c) applies shall not be capable of exercise under any other rule of the Scheme after it ceases to be capable of exercise under rule 12.7 (except where the Option Holder has died); or

- (d) (except where the Option Holder has died) lapse at the end of the exercise period specified in this rule 12.7, if such an exchange is not offered.

12.8 In rule 12 and rule 13 (other than rule 13.1), a person shall be deemed to have obtained Control of a company if he, and others Acting in Concert with him, have obtained Control of it together.

12.9 After an Exit has occurred, if the shareholders of the Company receive notice of a resolution for the voluntary winding up of the Company, any Option Holder may exercise his Option at any time before that resolution is passed, conditional upon the passing of such resolution, and if the Option Holder does not so exercise it, it shall lapse when the winding up begins.

12.10 The Board shall notify Option Holders of any event that is relevant to Options under this rule 12 within a reasonable period after the Board becomes aware of it.

13. EXCHANGE OF OPTIONS

13.1 If one of the following happens:

- (a) a company obtains all the shares of the Company as a result of a Qualifying Exchange of Shares;
- (b) a company obtains Control of the Company as a result of:
 - (i) making a general offer to acquire the whole of the issued share capital of the Company (except any capital already held by that company or any person connected with that company) that is made on a condition that, if it is satisfied, the offeror will have Control of the Company; or
 - (ii) making a general offer to acquire all the shares in the Company (except any shares already held by that company or any person connected with that company) that are of the same class as the Shares; or
 - (iii) an event specified in rule 12.7; or
- (c) a company becomes bound or entitled as provided in rule 12.5,

(the relevant company being referred to in this rule 13.1 as the **Acquiring Company**) and all of the following are true:

- (d) the Acquiring Company satisfies the independence requirement set out in paragraph 9 of Schedule 5;

- (e) the Acquiring Company satisfies the trading activities requirement set out in paragraphs 13 to 23 of Schedule 5; and
- (f) the relevant Option Holder would fall within the definition of Eligible Employee if for the purposes of that definition (and the definition of Material Interest as used in it) references to Group Member were references to any of the Acquiring Company and its 51% Subsidiaries,

each Option Holder may, by agreement with the Acquiring Company within the applicable Rollover Period, release any Option that is an EMI Option (or that part of any Option that is an EMI Option, where rule 4.1, rule 4.2 or rule 5.3 applies) (**Old Option**) for a replacement option (**New Option**).

13.2 A New Option shall:

- (a) be granted over ordinary shares in the Acquiring Company that are fully paid up and not redeemable;
- (b) be subject to rule 4.1, rule 4.2 and rule 4.3 with:
 - (i) the references in those rules to Shares being taken to be references to the shares in the Acquiring Company that are subject to New Options;
 - (ii) the references to other shares in the Company being taken to be references to any other shares in the Acquiring Company that are subject to EMI Options; and
 - (iii) the Market Value of shares in the Acquiring Company subject to each New Option being taken to equal the Market Value (under rule 4) of the Shares subject to the Old Option that it replaces, measured on the Grant Date of that Old Option;
- (c) be a right to acquire a number of shares in the Acquiring Company that have, immediately after grant of the New Option, a total Market Value equal to the total Market Value of the shares subject to the Old Option that it replaces immediately before its release;
- (d) have an exercise price for each share such that the total price payable on complete exercise of the New Option equals the total price that would have been payable on complete exercise of the Old Option that it replaces;
- (e) be capable of exercise within ten years after the Grant Date of the Old Option that it replaces;
- (f) only include conditions that must be fulfilled before the New Option can be exercised (if any) that are capable of being fulfilled within the period of ten years after the Grant Date of the Old Option that it replaces;
- (g) satisfy the requirements of:

- (i) paragraph 37 of Schedule 5; and
- (ii) paragraph 38 of Schedule 5;
- (h) satisfy rule 2.1; and
- (i) be notified to HMRC in accordance with paragraph 44 of Schedule 5.

13.3 Any Rollover Period shall have the same duration as the applicable "required period" defined in paragraph 42 of Schedule 5.

13.4 Any New Option granted in accordance with rule 13.1 will be treated as acquired at the same time as the Old Option that it replaces for the purposes of the legislation relating to EMI Options.

13.5 Although rule 13.1 does not provide for an Option that is not an EMI Option (or a part of any Option that is not an EMI Option, where rule 4.1, rule 4.2 or rule 5.3 applies) to be exchanged for another option in accordance with that rule, an Option Holder may agree terms with any company to make such an exchange during a Rollover Period.

14. VARIATION OF SHARE CAPITAL

If there is any variation of the share capital of the Company (whether that variation is a capitalisation issue (other than a scrip dividend), rights issue, consolidation, subdivision or reduction of capital or otherwise) that affects (or may affect) the value of Options to Option Holders, the Board shall adjust the number and description of Shares subject to each Option or the Exercise Price of each Option in a manner that the Board, in its reasonable opinion, considers to be fair and appropriate. However:

- (a) the total amount payable on the exercise of any Option in full shall not be increased; and
- (b) the Exercise Price for a Share to be newly issued on the exercise of any Option shall not be reduced below its nominal value (unless the Board resolves to capitalise, from reserves, an amount equal to the amount by which the total nominal value of the relevant Shares exceeds the total adjusted Exercise Price, and to apply this amount to pay for the relevant Shares in full).

15. NOTICES

15.1 Except as maintained in rule 15.3, any notice or other communication given under or in connection with the Scheme shall be in writing and shall be:

- (a) delivered by hand or by pre-paid first-class post or other next working day delivery service at the **Appropriate Address**;

For the purposes of this rule 15, the Appropriate Address means:

- (i) in the case of the Company at its registered office, marked for the attention of “The Chief Executive Officer”;
 - (ii) in the case of an Option Holder, his home address; and
 - (iii) if the Option Holder has died, and notice of the appointment of personal representatives is given to the Company, any contact address specified in that notice; or
- (b) sent by email to the **Appropriate Email Address**.

For the purposes of this rule 15, Appropriate Email Address means:

- (i) in the case of the Company, [•]@frog.net ; and
- (ii) in the case of the Option Holder, his personal email address as notified to the Company or his work email address if he is permitted to access personal emails at work.

15.2 Any notice or other communication given under this rule 15 shall be deemed to have been received:

- (a) if delivered by hand, on signature of a delivery receipt, or at the time the notice is left at the appropriate address;
- (b) if sent by prepaid first-class post or other next working day delivery service, at 9.00 am on the second Business Day after posting, or at the time recorded by the delivery service; and
- (c) if sent by email, at 9.00 am on the next Business Day after sending.

15.3 This rule does not apply to:

- (a) the service of any notice of exercise under rule 8.1; and
- (b) the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

16. ADMINISTRATION AND AMENDMENT

16.1 The Scheme shall be administered by the Board.

16.2 The Board may amend the Scheme from time to time, but no amendment may apply to Options granted before the amendment was made, except that each Option Holder may consent to the application to his Option of such an amendment.

16.3 The cost of establishing and operating the Scheme shall be borne by the Group Members in proportions determined by the Board.

16.4 The Company shall ensure that at all times:

(a) if the Company has restricted the number of Shares it can issue in its articles of association, that it has sufficient unissued or treasury Shares available, taking into account any other obligations of the Company to issue Shares and to transfer Shares from treasury; and/or

(b) arrangements are in place for any third party to transfer issued Shares,

to satisfy the exercise of all Options.

16.5 Any decision under rule 6.3, rule 7.2 or rule 7.5, and whether to consider making such a decision, shall be entirely at the discretion of the Board.

16.6 The Board shall determine any question of interpretation and settle any dispute arising under the Scheme. In these matters, the Board's decision shall be final.

16.7 The Board shall notify each affected Option Holder of any Disqualifying Event other than one caused by the Option Holder's cessation of employment.

The notice required under this rule 16.7 shall be given as soon as reasonably practicable after the Board becomes aware of the relevant Disqualifying Event. No Option shall become capable of exercise because of a notice given under this rule 16.7.

16.8 The Company shall not be obliged to notify any Option Holder if an Option is due to lapse.

16.9 The Company shall not be obliged to provide Option Holders with copies of any materials sent to the holders of Shares.

17. DATA PROTECTION

17.1 In accepting the grant of an Option each Option Holder consents to the collection, holding, processing and transfer of his Personal Data by the Company or any Group Member for all purposes connected with the operation of the Scheme.

- 17.2 The purposes of the Scheme referred to in rule 17.1 include, but are not limited to:
- (a) holding and maintaining details of the Option Holder's Options;
 - (b) transferring the Option Holder's Personal Data to the trustee of an employee benefit trust, the Company's registrars or brokers or any administrators of the Scheme;
 - (c) transferring the Option Holder's Personal Data to a bona fide prospective buyer of the Company or the Option Holder's employer company or business unit (or the prospective buyer's advisers), provided that the prospective buyer, and its advisers, irrevocably agree to use the Option Holder's Personal Data only in connection with the proposed transaction and in accordance with the data protection principles set out in the Data Protection Act 1998; and
 - (d) transferring the Option Holder's Personal Data under rule 17.2(b) or rule 17.2(c) to a person who is resident in a country or territory outside the European Economic Area that may not provide the same statutory protection for the information as countries within the European Economic Area.

18. GOVERNING LAW

The Scheme and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the laws of Scotland.

19. JURISDICTION

- 19.1 Each party irrevocably agrees that the courts of Scotland shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with the Scheme or its subject matter or formation.
- 19.2 Each party irrevocably consents to any process in any legal action or proceedings under rule 19.1 being served on it in accordance with the provisions of the Scheme relating to service of notices. Nothing contained in the Scheme shall affect the right to serve process in any other manner permitted by law.