TASK GROUP

Employee Share Option Scheme – Rules

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Employee Share Option Scheme – Rules

These are the rules of the TASK Group Holdings Limited Share Option Scheme (**Scheme**), being the Scheme under which options to purchase shares in TASK Group Holdings Limited (**TASK** or **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 format. These rules, together with your option certificate and your letter of invitation to participate, create a legally binding option contract between the Company and you.

1. What is the purpose of the Scheme?

The Scheme has been established to enable key contributors to the potential success of the Company and/or a related company to share in that success by giving them an option to purchase Ordinary shares (**Shares**) in the Company at an agreed price.

The Scheme provides these contributors with an opportunity to benefit financially if the Company is successful and its Shares become worth more than the agreed purchase price.

2. How many options will be granted?

Options will be granted at the discretion of the Board of Directors of the Company, subject to any legal requirements (including shareholder approval, if required).

How are options granted?

Options are granted by the Company issuing an option certificate to the recipient. The option certificate will set out the date of grant, the number of options granted (one Option gives the right to purchase one Share), the exercise price at which Shares may be purchased and the timing of the entitlement to exercise the Options.

3. 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 agreed exercise price for those Shares as set out in the option certificate, unless you elect to exercise any of your options using the *Cashless Exercise Facility* (see clause 15 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.

4. What is the agreed exercise purchase price for the Shares?

This is set out on your option certificate and is determined by the Board of Directors of the Company.

5. 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 purchase price if you decide to exercise your Options, unless you elect to exercise any of your options using the Cashless Exercise Facility (see clause 15 below) and the Board approves that election, in which case you will agree to set-off the agreed exercise price against the number of shares which you are entitled to receive upon exercise of the option.

6. When does my right to purchase Shares become exercisable?

Subject always to Questions 8 and 9, Options become exercisable at the times set out in the option certificate, provided that where a change of control (as defined below) occurs, all your Options vest and become exercisable on the day such change of control becomes unconditional. It is a condition of exercise that Shares in the Company must be quoted on the NZX (or another exchange) on the date of exercise.

A change of control occurs where there is a full unconditional takeover of the Company made in accordance with the provisions of the New Zealand Takeovers Code. The Takeovers Code is the Takeovers Code as set out and approved in the Takeovers Code Approval Order 2000, New Zealand.

7. Is there a final cut-off date for the exercise of Options?

Yes, in no circumstances may Options be exercised after the 5 year anniversary of the date of grant of the Options (as notified to you on your option certificate). All Options that have not been exercised by that date will automatically cancel.

8. What happens if I am an employee and cease to work for the Company?

If you are an employee and you cease to be employed by the Company or a related company (other than by reason of death or total and permanent disability), then any unexercised Options will automatically cancel on the expiry of 90 days from the cessation of your employment, provided that if your employment has been terminated due to your misconduct then the Board of Directors of the Company in its absolute discretion may cancel any unexercised Options on such termination. If your Options have not vested at the time you cease to be employed by the Company or a related company, they will be forfeited on the date you are no longer employed. If you leave due to death or in circumstances considered by the Board of Directors of the Company in its absolute discretion to constitute total and permanent disability then you or your estate may retain your Options (subject always to the cut-off date referred to in Question 8).

9. How do I exercise my Options?

By completing the notice of exercise (available from the Company) and paying the agreed exercise price, unless you elect to exercise any of your options using the Cashless Exercise Facility (see clause 15 below) and the Board approves that election, in which case the process in clause 15 will apply.

10. 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 3,333.

11. What happens when I exercise Options?

You will receive one ordinary 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 notice of exercise and payment of the agreed exercise price, unless you elect to exercise any of your options using the *Cashless Exercise Facility* (see clause 15 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 clause 15. You will hold these Shares on the terms set out in the Company's constitution.

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 clause 15 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 clause 15).

This must be included as income in your tax return in the income year in which you receive the shares. Tax on this income will not be paid by the Company and you will need to meet the tax liability yourself.

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.

12. Can I transfer my Options?

No, unless specifically approved in writing by the Board of Directors of the Company.

13. 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, rights issue, Share consolidation, Share buy-back or other type of reconstruction.

If this occurs, the Board of Directors of the Company will 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 to be equitable, subject to any legal requirements including compliance with any listing rules that apply to the Company at that time with respect to a reorganisation of capital or reconstruction event.

14. Cashless Exercise Facility

(a) 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 notice of exercise you give to the Company pursuant to clause 10 above. The Board of Directors may approve or refuse the request in their sole and absolute discretion.

(b) 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:

Where:

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

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.

(c) 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.

(d) 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 any 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 in accordance with clause y above, unless otherwise determined by the Board of Directors in their sole discretion.

15. 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.

16. Can the rules of the Scheme be altered?

Yes, the Company retains the discretion to amend the rules of the Scheme at any time provided that no amendment that would adversely affect your position may be made without your written consent or the written consent of 75% of the current Scheme participants.

17. Rights

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

18. Governing law

New Zealand law shall apply to Options granted under the Scheme and the parties submit to the jurisdiction of the New Zealand Courts.

TASK GROUP HOLDINGS LIMITED

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. 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. 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: • the participant will pay $5,000; • 5,000 new Shares will be issued to the participant; and • the Company will receive A$5,000 cash.	That is: • the participant will pay $0; • 1,666 new Shares will be issued to the participant; and • the Company will receive $0 cash.

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)