
Non-Executive Director Share Rights Plan

Nitro Software Limited
(ACN 079 215 419)

General Terms

1 Purpose

- (a) The Board of the Company may offer to award, in its absolute discretion, Share Rights to Non-Executive Directors under the Plan on the terms set out in Schedule 1.
- (b) The purpose of the grant of Share Rights under the Plan is to:
 - (i) facilitate the acquisition of equity in the Company by Non-Executive Directors serving on the board because it provides Non-Executive Directors with “skin in the game” and aligns their interests with shareholders,
 - (ii) preserve the independence of Non-Executive Directors by ensuring that they participate in a separate equity plan from equity plans in which executives of the Company participate and for which Non-Executive Directors set performance vesting conditions, and
 - (iii) overcome the challenges faced by Non-Executive Directors in acquiring equity on-market due to governance and regulatory issues in a manner that is intended to demonstrate good governance.

2 Defined terms and interpretation

2.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the Dictionary in Schedule 2 (**Dictionary**), has the meaning given to it in the Dictionary; and
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act.

2.2 Interpretation

The interpretation clause in the Dictionary sets out rules of interpretation for these Rules.

2.3 Application of General Terms

The rules contained in the General Terms of these Rules will apply to Schedule 1 unless they are modified or are otherwise inconsistent with the rules contained in that Schedule.

3 Introduction

3.1 Governing Rules

- (a) The Plan operates according to these Rules which bind the Company and each Participating Non-Executive Director.
- (b) These Rules should be read in conjunction with the relevant Invitation, the Trust Deed (if applicable), the Constitution and Trading Policy. In the event of any inconsistency between these documents, the following order of priority shall apply:

- (i) the Constitution;
 - (ii) the Trading Policy;
 - (iii) the relevant Invitation;
 - (iv) these Rules; and
 - (v) the Trust Deed (if applicable).
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4 Participation

4.1 Agreement to participate

Each Non-Executive Director may nominate to participate in the Plan in respect of a percentage of Fees up to a maximum of 50% of Fees.

4.2 Method of Participation

Each Participating Non-Executive Director agrees to forgo their future entitlement to the Participating Amount from his or her Fees before that entitlement becomes presently existing.

4.3 Salary sacrifice

If the Invitation consists of an offer which is a salary sacrifice arrangement in accordance with the provisions in Subdivision 83A-C of the Tax Act, then Subdivision 83A-C of the Tax Act applies to that offer.

5 Restriction on transfer

- (a) A Participating Non-Executive Director who acquires Shares as a result of the exercise of a Share Right may hold those Shares directly or have a trustee or nominee hold the Shares for the Participating Non-Executive Director. The Participating Non-Executive Director must not, without the approval of the Board, Transfer any such Share (or, if those Shares are held on trust for the Participating Non-Executive Director, must not procure that a Transfer occurs) before the earlier of:
 - (i) the date on which the Participating Non-Executive Director ceases to be a director of the Company;
 - (ii) the date which is 10 years from the Allocation Date; or
 - (iii) the date on which a Change of Control Event occurs.
 - (b) The Board may do all things necessary or desirable to prevent a breach of clause 5(a) including, without limitation, instituting a Holding Lock on any Shares. If a Holding Lock is applied to Shares then it shall be removed as soon as the disposal restrictions cease to apply.
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6 General

- (a) The Plan will be administered by the Board which has the power to:
 - (i) determine procedures for administration of the Plan consistent with these rules;

- (ii) resolve conclusively all questions of fact or interpretation arising in connection with the Plan; and
 - (iii) delegate to any one or more persons for such period and on such conditions as the Board may determine, the exercise of any of its powers or discretions arising under the Plan.
- (b) The Board may at any time by resolution suspend or terminate the Plan. The rules including, without limitation, clause 5, will continue to operate with respect to any Shares issued subject to the Plan prior to the date the Plan was suspended or terminated by the Board.
- (c) Subject to the ASX Listing Rules and to clause 6(d), the Board may at any time and from time to time by resolution amend or add to all or any of the provisions of the Plan.
- (d) Without the consent of the Participating Non-Executive Director, no amendment may be made which affects the beneficial entitlement of any person to any Shares allocated under the Plan before the date of the variation other than an amendment introduced primarily:
 - (i) for the purpose of complying with or conforming to present or future legislation governing or regulating the maintenance or operation of the Plan or like plans;
 - (ii) to correct any manifest error or mistake; or
 - (iii) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to applicable tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.
- (e) The Company is authorised, but not required, to bear all brokerage, commission, stamp duty or other transaction costs payable in relation to the acquisition of Shares by Participating Non-Executive Directors under the Plan.
- (f) The Company is not responsible for any Taxes which may become payable by a Participating Non-Executive Director in connection with the issue or transfer of Share Rights or Shares or any other Transfer by a Participating Non-Executive Director with such Share Rights or Shares including the payment of any cash amount. Participating Non-Executive Directors are solely responsible for all such amounts.
- (g) Where any Taxes referred to clause 6(f) are required to be withheld and remitted to the relevant taxation authority by the Company or any of its subsidiaries, the Company may either:
 - (i) require the Participating Non-Executive Director to reimburse the Company for any Taxes which the Company or any of its subsidiaries is required to withhold;
 - (ii) sell on behalf of the Participating Non-Executive Directors that number of Shares, or Shares which would otherwise have been issued to the Participating Non-Executive Director on the exercise of Share Rights, required to provide the funds required to be withheld on account of Taxes; or
 - (iii) raise the amount required to be withheld on account of Taxes through any combination of the methods in subclauses (i) and (ii) above,

and by participating in the Plan, each Participating Non-Executive Director authorises the Company to make any such deduction or withholding through any combination of the above methods.

- (h) 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. The Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.
- (i) The decisions of the Board as to the interpretation, effect or application of these Rules and all determinations made by the Board under these Rules are final, conclusive and binding the Participating Non-Executive Directors and any person with any interest in any Share Rights or Shares.
- (j) The Board may from time to time require a Participating Non-Executive Director to complete and return any documents that are required by law to be completed by the Participating Non-Executive Director and any other documents which the Company considers should, for legal or taxation reasons, be completed by the Participating Non-Executive Director.
- (k) Any calculations or adjustments which are required to be made in connection with any Share Rights or Shares under the Plan will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Participating Non-Executive Director.
- (l) Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of a Share, the fraction will be eliminated by rounding down to the nearest whole number.
- (m) The rules and conditions of this Plan are governed by the laws of Victoria, Australia.

Schedule 1 Rules which only apply to Share Rights

The General Terms and this Schedule 1 apply to Invitations to acquire Share Rights under the Plan.

1 Rights and restrictions attached to Share Rights

1.1 Interest in Shares

A Participating Non-Executive Director has no right or interest in a Share the subject of a Share Right unless and until that Share Right is exercised and a Share is issued or transferred. Nor does the holder of a Share Right have any rights to dividends, rights to vote or rights to the capital of the Company as a shareholder as a result of holding a Share Right. Subject to Applicable Law, a Participating Non-Executive Director will not, as a holder of a Share Right, have any right to attend a vote at general meetings of holders of Shares.

1.2 Listing of Share Rights

Share Rights will not be listed on ASX.

1.3 No Transfer

- (a) Subject to the terms of the relevant Invitation, a Participating Non-Executive Director must not Transfer any Share Rights issued under the Plan unless:
 - (i) the Board determines otherwise; or
 - (ii) the Transfer is required by law (including on death or bankruptcy of a Participating Non-Executive Director) and the Participating Non-Executive Director has provided evidence satisfactory to the Board of that fact.
- (b) For the avoidance of doubt, the Shares issued or transferred upon exercise of a Share Right are subject to the restrictions on Transfer in clause 5 of the General Terms.

2 Participation rights in issues and reorganisations of capital

2.1 New issues

Participating Non-Executive Directors holding Share Rights are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless they exercise their Share Rights and receive Shares before the record date for the determination of entitlements to the new issue of securities and participate as a holder of Shares.

2.2 Bonus issues

If the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of a Share Right before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Share Right is exercisable will be increased by the number of Shares which the Participating Non-Executive Director would have received if the Participating Non-Executive Director had exercised the Share Right before such record date.

2.3 Reorganisation of capital

In the event of any reorganisation (including consolidation, sub-division, reduction, buy back or cancellation) of the issued share capital of the Company, the rights of a Participating Non-Executive Director (including the number of Shares to which each Participating Non-Executive Director is entitled on exercise of a Share Right) will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation, with a view to ensuring that holders of Rights are neither advantaged nor disadvantaged.

2.4 Notice of adjustments

Whenever the number of Shares underlying a Share Right is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participating Non-Executive Director.

2.5 Accumulation of adjustments

Effect will be given to this clause 2 in such manner that the effect of the successive application of this clause 2 will be cumulative, with the intention being that the adjustments that it progressively effects will reflect previous adjustments.

3 Exercise of Share Rights

3.1 Exercise

Subject to clauses 3.2 and 3.3, each Share Right is automatically exercised following the end of the Financial Year in which they are granted, on a date determined by the Company in its absolute discretion but no later than the date which is 120 calendar days following the end of the applicable Financial Year.

3.2 Ceasing to be a Non-Executive Director

If a Participating Non-Executive Director ceases to be a director of the Company:

- (a) any Share Right which was granted in the previous Financial Year (being for the avoidance of doubt the Financial Year prior to the date on which the Participant Non-Executive Director ceases to be a director of the Company) shall automatically exercise; and
- (b) in respect of Share Rights (if any) granted in the same Financial Year as the date on which the Participant Non-Executive Director ceases to be a director of the Company:
 - (i) a number of Share Rights calculated in accordance with the formula below shall automatically exercise:

$$\text{Total Share Rights granted in that FY} \times \left(\frac{N}{\text{Days in that FY}} \right)$$

where N is the number of days from the first day of that Financial Year to (and including) the date on which the Participating Non-Executive Director ceases to be a director of the Company; and

- (ii) any Share Rights which do not automatically exercise in accordance with clause 3.2(b)(i) lapse immediately.

3.3 Change of Control

Where the Board determines that a Change of Control Event is likely to occur, it may give notice to each Participating Non-Executive Director providing that all Share Rights are automatically exercised on a date specified by the Board in such notice.

3.4 Cash or equity settlement

- (a) Upon the exercise of a Share Right, the Company must either, at the election of the Board:
- (i) allocate to, or procure the transfer to or for the benefit of, the Participating Non-Executive Director (or his or her personal representative) the number of Shares that relate to each Share exercised; or
 - (ii) make a cash payment of an amount equivalent to the "Market Value" of a Share in full satisfaction of the Share Right,
- at which time the Share Right will automatically lapse.
- (b) For the purposes of clause 3.4(a)(ii), the "Market Value" of a Share will be determined by the Board at its discretion.
- (c) The amount in clause 3.4(a)(ii), will be paid in cleared funds to or on behalf of the Participating Non-Executive Director less any Tax required to be withheld and inclusive of any Super Amount.
- (d) The Board may make a decision for the purposes of clause 3.4(a), by notice to the relevant Participating Non-Executive Director, upon or in advance of any exercise of Share Rights, and in relation to some or all of the Share Rights which may vest from time to time or within a specified period (and, for the avoidance of doubt, on a per Share Right basis).

3.5 Fractions of Shares

When Share Rights are exercised, the number of Shares or fractions of Shares for which the Participating Non-Executive Director is entitled shall be aggregated. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participating Non-Executive Director.

4 Lapse of Share Rights

4.1 Lapse of Share Rights

Unless the Board determines otherwise, a Share Right will lapse in accordance with clause 3 or on the earliest of:

- (a) the Expiry Date;
- (b) the Participating Non-Executive Director purporting to Transfer or enter into any arrangement in respect of the Share Right in breach of clause 1.3 (Rights and restrictions attached to Share Rights).

4.2 On lapsing

Where a Participating Non-Executive Director's Share Rights have lapsed under clause 3 or 4.1:

- (a) all rights of a Participating Non-Executive Director under the Plan in respect of those Share Rights are forfeited;
- (b) in the case of a Salary Sacrifice Award, the Company will repay the Participating Non-Executive Director the price actually paid for the grant (if any) of the Share Right as at the date of lapse; and
- (c) the Company will:
 - (i) cancel the Share Rights; and
 - (ii) unless the Board determines otherwise, not be liable for any consideration, compensation, damages or other amounts to the Participating Non-Executive Director in respect of the Share Rights.

Schedule 2 Dictionary and interpretation

1 Dictionary

In this document:

Allocation Date means the date of grant of the Share Right.

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) for so long as the Company is admitted to the official list of the ASX, the ASX Listing Rules;
- (c) the Constitution;
- (d) the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth); and
- (e) any other legal requirement that applies to the Plan.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official listing rules of the ASX as they apply to the Company from time to time.

Board means the board of directors of the Company, any committee of the Board or a duly authorised person or body to which the Board has delegated its powers under the Plan.

Business Day means a day on which banks are open for business in Melbourne, excluding a Saturday, Sunday or public holiday.

A **Change of Control Event** occurs where:

- (a) an offer is made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and the Board resolves to recommend the bid, or the bid is, or is declared, unconditional;
- (b) the Court sanctions under Part 5.1 of the Corporations Act a compromise or arrangement pursuant to which control of the majority of the shares in the Company may change;
- (c) an administrator, liquidator, provisional liquidator, receiver or receiver and manager is appointed in respect of the Company or substantially all of the assets of the Company;
- (d) a notice of a general meeting of the Company proposing a resolution to voluntarily wind-up the Company is dispatched to members of the Company; or
- (e) any transaction or event is proposed that, in the opinion of the Board, is likely to result in one or more persons becoming entitled to exercise control over the Company.

Company means Nitro Software Limited (ACN 079 215 419).

Constitution means the constitution of the Company from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Expiry Date means, in respect of a Share Right, the date 10 years from the Allocation Date, or such other date determined by the Board and specified in the Invitation, after which the Share Right lapses and may no longer be exercised.

Fees means:

- (a) the gross amount payable by the Company by way of annual remuneration to a Non-Executive Director for his or her services as a director or as a member of any standing committee of the Board (including any remuneration paid by way of a non-cash benefit), but, unless the Board determines otherwise, excludes any special and additional remuneration paid out of the funds of the Company for any extra services performed or special exertions made by the Non-Executive Director pursuant to the Company's constitution; or
- (b) such other amount as the Board determines for the purposes of this Plan.

Holding Lock means a mechanism arranged or approved by the Board and administered by or on behalf of the Company (including through its share registry) that prevents Shares being disposed of by a Participating Non-Executive Director.

Invitation means an invitation to a Non-Executive Director to participate in the Plan on the terms and conditions of these Rules and the Invitation.

Non-Executive Director means a director of the Company who is not employed in a full time executive capacity by the Company or any of its subsidiaries.

Participating Amount means an amount equivalent to the amount a Participating Non-Executive Director has agreed to be sacrificed in accordance with clause 4.1.

Participating Non-Executive Director means a Non-Executive Director who elects to participate in this Plan under clause 4.1.

Plan means the non-executive director share plan established and operated in accordance with these Rules.

Right means a right granted under this Plan to receive a number of Shares (as specified in, or otherwise determined in accordance with, the relevant Invitation) or, subject to any discretion conferred on the Board in the Invitation, to receive a cash amount equivalent to the value of such number of Shares as determined in accordance with the Invitation, on and subject to these Rules and the terms of the Invitation.

Rules means these rules, and clauses of the schedules to these rules, in respect of the establishment and operation of the Plan as amended from time to time.

Share means a fully paid ordinary share in the capital of the Company.

Super Amount means any superannuation contribution required to meet the minimum amount required to be contributed by the Company or any of its subsidiaries under applicable law to avoid the imposition of a superannuation guarantee charge.

Tax or Taxes means a tax, levy, impost, charge, deduction, withholding or duty of any nature (including stamp and transaction duty) imposed or levied by any government agency or required to be remitted to, or collected, withheld or assessed by, any government agency, together with any related interest, penalty, fine, expense or other charge on those amounts.

Trading Policy means the Company's securities trading policy as amended from time to time.

Transfer includes sell, transfer, create a trust or alienate the right to exercise the vote (if applicable) attached to any Share or Share Right and procuring any such event if a Share is held beneficially for a Participating Non-Executive Director.

2 Interpretation

In this document the following rules of interpretation apply unless the contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of this document;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a rule, clause, term, party, schedule or attachment is a reference to a rule, clause or term of, or party, schedule or attachment to this document;
 - (vi) this documents includes all schedules and attachments to them;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a rule of an applicable financial market and is a reference to that law as amended, consolidated or replaced; and
 - (viii) a monetary amount is in Australian dollars;
- (g) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and

- (h) in determining the time of day, where relevant to this document, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under this document, the time of day in the place where the party required to perform an obligation is located.