

**RULES**  
**OF**  
**THE FUTURA MEDICAL PLC PHANTOM SHARE PLAN**

**Amended 15<sup>th</sup> November 2016**

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## RULES OF THE FUTURA MEDICAL PLC PHANTOM SHARE PLAN

### 1. Interpretation

|                                      |  |
|--------------------------------------|--|
| <b>Adoption Date</b>                 | the date on which the Plan is adopted by the Company;  |
| <b>Appreciation Amount</b>           | the gross amount payable on the realisation of a Phantom Option Unit, being the amount by which the Market Value on the Settlement Date exceeds the Base Price multiplied by the number of Units in respect of which the Phantom Option Unit is realised;  |
| <b>Award</b>                         | an Award of a specified number of Phantom Option Units;  |
| <b>Award Date</b>                    | the date on which the Board passes the resolution making an Award to an Eligible Employee;   |
| <b>Base Price</b>                    | for employees, the Market Value of a Plan Share on the Date of Award; for Directors, the amount set out in the Award certificate;  |
| <b>Board</b>                         | the board of directors of the Company or a duly authorised committee thereof;  |
| <b>Control</b>                       | as defined in Section 839 of the Act;  |
| <b>Controlling Interest</b>          | any interest (within the meaning of schedule 13 and section 324 of the Companies Act 1985) in shares in the Company conferring in the aggregate more than 50% of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue conferring the right to vote at all general meetings; |
| <b>Director</b>                      | A director of a Group Company;   |
| <b>Futura Medical plc</b>            | Futura Medical plc incorporated in England and Wales under company number 4206001;   |
| <b>Futura Medical plc Share Sale</b> | the disposal of all of the issued share capital of Futura Medical plc which is intended to result in the Original Shareholders retaining no beneficial direct or indirect ownership of the ordinary shares in Futura Medical plc;  |
| <b>Eligible Employee</b>             | an individual who at the Award Date is an employee or director of any Group Member;  |
| <b>Group</b>                         | the Company and its Subsidiaries from time to time, and Group Member shall be construed accordingly;   |
| <b>Market Value</b>                  | on any given date, the closing mid-price quoted on the Alternative Investment Market for a Plan Share;   |
| <b>Participant</b>                   | an Eligible Employee to whom an Award has been made;   |
| <b>Phantom Option Unit</b>           | a subsisting right to be paid an Appreciation Amount in relation to a single Plan Share granted under the Plan;  |

|  |  |
|--|--|
| <b>Plan</b>                                  | The Futura Medical plc Phantom Share Plan in its present form or as amended from time to time;   |
| <b>Plan Share</b>                            | A Futura Medical plc Ordinary 0.2p share;  |
| <b>Self-Invested Personal Pension Scheme</b> | the meaning given in section 3 of The Personal Pension Schemes (Information Powers) Regulations 2000;  |
| <b>Settlement Date</b>                       | The date set out in the Award certificate, when a Phantom Option Unit may be realised;   |
| <b>Subsidiary</b>                            | the meaning given to that word in section 736 of the Companies Act 1985.   |
| <b>Takeover</b>                              | the acquisition by a Buyer, whether by one transaction or a series of transactions, of a Controlling Interest, provided that a Takeover shall not include an acquisition by a Buyer which the Board in its absolute and unfettered discretion considers to be part of a reconstruction or reorganisation of the Group; |

1.1 In the Plan, unless otherwise specified:

1.1.1. the contents and rule headings are inserted for ease of reference only and do not affect their interpretation;

1.1.2. a reference to a rule is a reference to a rule of the Plan;

1.1.3. save as provided for by law and subject to rule 13.2 a reference to writing includes any mode of reproducing words in a legible form and reduced to paper or electronic format or communication including, for the avoidance of doubt, correspondence via e-mail;

1.1.4. the singular includes the plural and vice-versa and the masculine includes the feminine;

1.1.5. a reference to a statutory provision includes any statutory modification, amendment or re-enactment thereof;

## **2 Making Of Awards**

### **2.1 Procedure for making of Awards and Award Date**

An Award shall be made by the Board passing a resolution making the Award. The Award Date shall be the date on which the Board passes the resolution. An Award certificate shall be issued to each Eligible Employee to whom an Award has been made as soon as reasonably practicable following the making of the Award.

### **2.2 Contents of Award Certificate**

An Award certificate shall state:

2.2.1 the Award Date;

2.2.2 the number of Phantom Option Units awarded;

2.2.3. the Base Price;

2.2.4. the earliest Settlement Date and shall state, or have attached to it in the form of a schedule, any further conditions applicable to the Award. Subject thereto, an

Award certificate shall be in such form as the Board may determine from time to time.

**2.3 Awards non-transferable**

An Award shall be personal to the Participant to whom it is made and shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Participant purports to transfer, charge or otherwise alienate the Award.

**2.4 Bankruptcy**

Notwithstanding any other provision of the Rules, upon the bankruptcy of a Participant any Phantom Option Units which shall have been granted to the Participant shall lapse, unless the Board shall in its absolute discretion determine otherwise.

**2.5 Limit on Awards**

No Award shall be made which would cause the amount potentially payable in settlement of Awards granted under the Plan to exceed such amount as the Board may from time to time determine in its absolute discretion.

**2.6 Duration of Plan**

An Award may not be made:

2.6.1 earlier than the Adoption Date; nor

2.6.2 later than the tenth anniversary of the Adoption Date.

**3 Realisation of Award**

**3.1 Earliest date for realisation of Phantom Option Units**

Subject to Rules 4, 5 and 11.3, a Phantom Option Unit may not be realised earlier than the Settlement Date set out in the Award certificate.

**3.2 Latest date for realisation of Phantom Option Units**

A Phantom Option Unit may not be realised more than ten years after the Date of Award and any Phantom Option Unit not realised by that time shall lapse immediately.

**3.3 Requirement to remain in employment**

Subject to Rules 4, 5 and 11.3, payment may be made under the Plan in respect of an Award only to a Participant who remains employed within the Group at the Settlement Date and who has not at that date received or given notice to terminate such employment. For the avoidance of doubt, a Participant who ceases to be employed within the Group or who has received notice to terminate such employment after the earliest Settlement Date but before his payment has been made in respect of an Award shall remain entitled to receive a payment in accordance with the rules of the Plan.

3.4 The Board may in its absolute discretion, decide to pay all or part of the Appreciation Amount in the form of Plan Shares, and the balance in cash.

## 4 Termination of Employment

- 4.1 Save as provided in Rules 4.2, and 4.3 if a Participant ceases to hold office or employment with the Group for any reason (whether lawful or unlawful) all his Phantom Option Units shall lapse and cease to be realisable with immediate effect on the date of such cessation.
- 4.2 If a Participant dies, notwithstanding Rule 4.1 and subject to any specific terms in the Award certificate, all of the Participant's Phantom Option Units will be deemed to have been realised. The Company will pay the Appreciation Amount as soon as possible after notification of the death.
- 4.3 Notwithstanding Rule 4.1, a Phantom Option Unit may be realised in whole or in part within 40 days following the date on which the Participant ceases to hold an office or employment within the Company or a Group Company if such cessation is a result of:-
- 4.3.1 permanent ill health or disability (evidenced to the satisfaction of the Board);
  - 4.3.2 redundancy within the meaning of the Employment Rights Act 1996;
  - 4.3.3 retirement in accordance with his contract of employment) or by written agreement with his employer;
  - 4.3.4 any other reason at the discretion of the Board,
- AND the Phantom Option Units in question shall, if not so realised under this Rule 4, lapse on the expiry of that period but if realisation is permitted pursuant to this rule then, the Board may at its absolute discretion permit realisation within such longer period than 40 days following the relevant cessation as it may in its absolute discretion determine.
- 4.5 For the purposes of this Rule 4, a woman who leaves employment due to pregnancy will be regarded as having left employment on the day on which she indicates that she does not intend to return to work. In the absence of such indication she will be treated as having ceased employment with the relevant company on the last day on which she is entitled to return to work pursuant to the Employment Rights Act 1996 or, if later, any other date specified in her terms of employment.
- 4.6 For the avoidance of doubt, for the purposes of this Rule 4, a Participant's employment shall be deemed to have ceased:-
- 4.7.1 where the employment terminates without notice, on the date when such termination of employment takes effect; and
  - 4.7.2 where the employment terminates on notice, on the date on which such notice was given by the relevant party.
- 4.7 An Award certificate may, if the Board so determines, specify that this Rule 4 shall not apply to the particular Phantom Option Unit such that it shall not lapse on termination of the relevant Participant's office or employment with the Group.
- 4.8 For the purpose of rules 4.2 and 4.3, a Participant shall not be treated as ceasing to be employed within the Group until he no longer holds any office or employment in the Company or any Subsidiary.

## **5 Takeover and Amalgamation**

- 5.1 In the event of a change of Control of the Company as a result of any person making either a general offer to acquire the whole of the issued share capital of the Company or an offer which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company or a general offer to acquire all the shares in the Company which are of the same class as the Shares, or if any person becomes bound or entitled to acquire shares under sections 428 to 430F of the Companies Act 1985, or if notice is duly given of a resolution for the voluntary winding-up of the Company, the Board may decide, subject to any specific terms in the Award certificate, to pay the Appreciation Amount within such period as the Board may allow.
- 5.2 In addition to, or as an alternative to, paragraph 5.1 and in the event of a Takeover, or its equivalent, or a merger or a winding up or a rights issue the Board will determine whether (i) any Award should vest in part or in full immediately and irrespective of whether the specific terms and conditions of that Award have been met at that time, and/or (ii) any Award should continue in accordance with the rules of the Plan and/or (iii) any Award should lapse and, in exchange, the participants of that Award would be granted a new award under any other share or cash incentive plan or bonus scheme which the Board considers to be broadly equivalent to the Award which is lapsed.

## **6 Settlement of Awards**

### **6.1 Making of payment in settlement of Awards**

Following determination of the Award, the payment in settlement of an Award shall be paid to each Participant by the Company (or as procured by the Company), subject to rule 8, through payroll within 45 days.

### **6.2 Payment into pension fund**

The Board may, in its absolute discretion, following consultation with the Participant, arrange for the payment in settlement of an Award to be made, subject to compliance with local tax and employment regulations, into the Participant's Self-Invested Personal Pension Scheme or other pension plan.

## **7 Lapse of Awards**

An Award shall lapse on the earlier of:

- 7.1 Ten years from the date of Award;
- 7.2 Immediately after the latest date for realisation of Phantom Option Units under Rule 5;
- 7.3 The date on which the Phantom Option Unit holder becomes bankrupt, enters into a compromise with his creditors generally or purports to transfer, charge or otherwise alienate the Equity Bonus Unit; and,
- 7.4 Subject to Rule 4, immediately upon the Participant ceasing to be employed within the Group before the Settlement Date set out in the Award certificate.

## **8 Duration of the Scheme**

- 8.1 The Board may at any time by resolution suspend or terminate the operation of the Scheme and in such event no further Phantom Option Units under the Scheme will be awarded but in all other respects the provisions of the Scheme will remain in force.

## **9 Accounting for PAYE and National Insurance Contributions**

### **9.1 Deductions**

Where, directly or indirectly in relation to any payment under this Plan, the Company or any member of the Group (as the case may be) is liable, or is in accordance with current practice believed by the Board to be liable, to account to any revenue or other authority for any sum in respect of any tax or social security liability of the Participant, his employer or any member of the Group (as the case may be) will be entitled to deduct sufficient sums to discharge the liability (as the case may be) before paying the net amount to the Participant.

## **10 Relationship of Plan to Contract of Employment**

Notwithstanding any other provision of the Plan:

- 10.1 the Plan shall not form part of any contract of employment between the Company or any Subsidiary and a Participant;
- 10.2 unless expressly so provided in his contract of employment, a Participant has no right to participate in the Plan;
- 10.3 the benefit to a Participant of participation in the Plan (including, in particular but not by way of limitation, any Award made to him or payment made to him in settlement of an Award) shall not form any part of his remuneration or count as his remuneration for any purpose and shall not be pensionable for the purposes of employer's pension contributions; and
- 10.4 if a Participant ceases to be employed within the Group, he shall not be entitled to compensation for the loss of any right or benefit or prospective right or benefit under the Plan (including, in particular but not by way of limitation, any entitlement to an Award or payment made to him in settlement of an Award which lapses by reason of his ceasing to be employed within the Group) whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise.

## **11 Administration of the Plan**

- 11.1 The Board shall be responsible for, and shall have the conduct of, the administration of the Plan.
- 11.2 In the Plan, unless otherwise specified:
  - 11.2.1 the contents and rule headings are inserted for ease of reference only and do not affect their interpretation;
  - 11.2.2 the singular includes the plural and vice-versa and the masculine includes the feminine; and
  - 11.2.3 the Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.
- 11.3 **Application of Board discretion**

The Board, in its sole discretion, may determine that a payment in settlement of Awards may be made in accordance with the rules of the Plan, in such adjustment as is appropriate to the circumstances of such transaction.

#### 11.4 **Board's decision final and binding**

The decision of the Board shall be final and binding in all matters relating to the administration of the Plan, including but not limited to the resolution of any dispute concerning, or any inconsistency or ambiguity in, the rules of the Plan or any document used in connection with the Plan.

#### 11.5 **Discretionary nature of Awards**

All Awards shall be made entirely at the discretion of the Board.

#### 11.6 **Cost of Plan**

The Company shall be entitled, if it wishes, to charge an appropriate part of the cost of making payments to Participants in respect of Awards to any Subsidiary which benefits from the services of the relevant Participant.

### 12 **Amendment of the Plan**

#### 12.1 **Power to amend Plan**

The Board may from time to time amend the rules of the Plan.

#### 12.2 **Rights of existing Participants**

An amendment may not adversely affect the rights of an existing Participant except where the amendment has been approved by those existing Participants who would be adversely affected by the amendment.

#### 12.3 **Variation of Capital**

In the event of any capitalisation, rights issue or any consolidation or subdivision or reduction or other variation of share capital of the Company, then the number of Plan Shares comprised in any Phantom Option Unit may be adjusted by the Board in such manner and with effect from such date as the Board may determine in its discretion to be appropriate.

### 13 **Notices**

#### 13.1 **Notice by Board**

Save as provided for by law and subject to rule 12.3 any notice, document or other communication given by, or on behalf of, the Board to any person in connection with the Plan shall be deemed to have been duly given if delivered by hand or sent by email or fax to him at his place of work, if he is employed within the Group if sent by e-mail to such e-mail address as may be specified from time to time, or sent through the post in a pre-paid envelope to the postal address last known to the Company to be his address and, if so sent, shall be deemed to have been duly given on the date of posting.

### **13.2 Notice to Board**

Save as provided for by law and subject to rule 13.3 any notice, document or other communication given to the Board in connection with the Plan shall be delivered by hand or sent by email, fax or post to the Company Secretary at the Company's registered office or such other e-mail or postal address as may from time to time be notified to Participants but shall not in any event be duly given unless it is actually received at the registered office or such e-mail or postal address.

### **13.3 Award Certificate**

For the avoidance of doubt, the Award certificate may not be executed by e-mail or other such similar electronic communication.

## **14 Governing Law and Jurisdiction**

The formation, existence, construction, performance, validity and all aspects whatsoever of the Plan, any term of the Plan and any Award made under it shall be governed by English law. The English courts shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Plan.

The jurisdiction agreement contained in this rule 14 is made for the benefit of the Company only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction. By accepting the making of an Award, a Participant is deemed to have agreed to submit to such jurisdiction.

## **15 Severability**

If any provision in this Plan is for any reason held by any Court or other competent authority of any jurisdiction to be illegal, invalid or unenforceable in whole or part, the remaining provisions of the Plan shall continue to be valid and, if appropriate, the affected provision and the legality, validity or enforceability of such provision in any other jurisdiction shall be unaffected.

## APPENDIX 1 - Determination of Awards for Participants

This Appendix 1 sets out the method of determining Awards of Phantom Option Units to Participants. It forms part of the Rules of the Futura Medical plc Phantom Share Plan (the “**Rules**”) and should be read in conjunction with the Rules. Definitions used in the Rules shall apply to this Appendix.

Subject to ‘Agreed Milestones’ an agreed number of Phantom Option Units will be allocated to participants on a pre-determined basis.

### Agreed Milestones

Each year the Remuneration Committee will agree certain milestone events (this may be zero, one, two or maybe three events). Each of these events will have qualifying criteria, these shall be:

1. Notional number of Phantom Option Units in the pool to be allocated between all Participants (PO)
2. Milestone event (ME)
3. Agreed date by which Milestone event must occur
4. Futura Target share price (Target SP)
5. Futura average daily closing mid share price for 30 days from the actual date of milestone event announcement to stock market (Average SP)

Assuming the ME occurs no later than the ME date then the following calculation shall occur:

$$PO \times \frac{\text{Average SP}}{\text{Target SP}}$$

This shall become the Distributable number of PO (DPO)

In the event that more than one milestone event is set in any one year each event will operate in isolation.

The DPO will be allocated to Participants in the form of Phantom Option Units, subject to the Rules of the Futura Medical plc Phantom Share Plan.

The Base Price shall be nil.

The Settlement Date for Phantom Option Units will be as follows:

- 25% on 31<sup>st</sup> December after the achievement of ME (ie If ME event is on 30.11.17 then 25% will be settled on 31.12.17 (the “first Settlement Date”));
- 25% on the first anniversary of the first Settlement Date;
- 25% on the second anniversary of the first Settlement Date; and
- 25% on the third anniversary of the first Settlement Date

### Condition of Options

The Board will have the right (at any time between each Settlement Date and the date of payment of the Award) to provide actual shares or cash at their ultimate discretion. All distributions will be made after deducting the cost of employees’ NIC/PAYE. (For the avoidance of doubt, Futura will meet the employer’s NIC liability).

Nevertheless a Participant may elect to take 10% of their overall allocation within the DPO in cash after deduction of PAYE/NIC on the first Settlement Date only, thereafter no election will be possible.

The value of the distribution at any date will reflect the applicable DPO for the Participant multiplied by Futura’s closing mid-price at the applicable year end.

Termination of Employment / Consultancy.

All outstanding DPS will lapse at the end of the Participant’s notice period.