

## 2020 MANAGEMENT INCENTIVE PLAN (MIP) DESCRIPTION

This document describes the **InRule** (the “Company”) **2020** Management Incentive Plan (“MIP” or “the Plan”).

### **Purpose**

The purpose of the Plan is to incent and reward eligible employees for their contributions to the operating and financial performance of the Company.

### **Plan Type**

Annual Incentive Plan

### **Plan Year**

January 1, 2020 or (“the Effective Date”) to December 31, 2020.

### **Plan Scope**

The Company’s global business operations and sales.

### **Eligibility Criteria**

- Designated full-time active exempt salaried employees with at least three (3) months of active service during the Plan Year are eligible to participate in the MIP, but are not guaranteed to receive incentive compensation.
- New employees or those employees that transfer to or from the MIP during the Plan Year may receive prorated incentive compensation based on the actual base salary earnings and length of service as a plan participant.
- The calculated incentive compensation payable to a Plan Participant may be increased or decreased in whole or part at the discretion of the Operating Board based on the Company’s performance and a Plan Participant’s individual contributions to the operating and financial performance of the business.

### **MIP Funding**

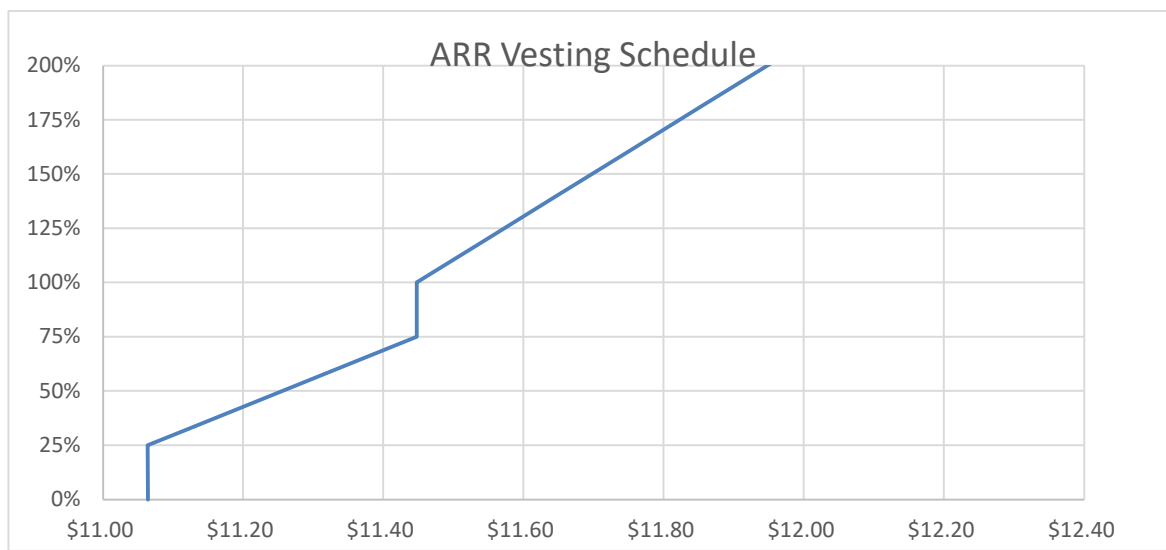
- The MIP will be funded based on the Company’s actual versus targeted performance and is expressed as a percentage of achievement against each target.
- The Plan is funded at a minimum of 25% based on the achievement of each Corporate Objective’s Trigger Threshold.

### **MIP Pool**

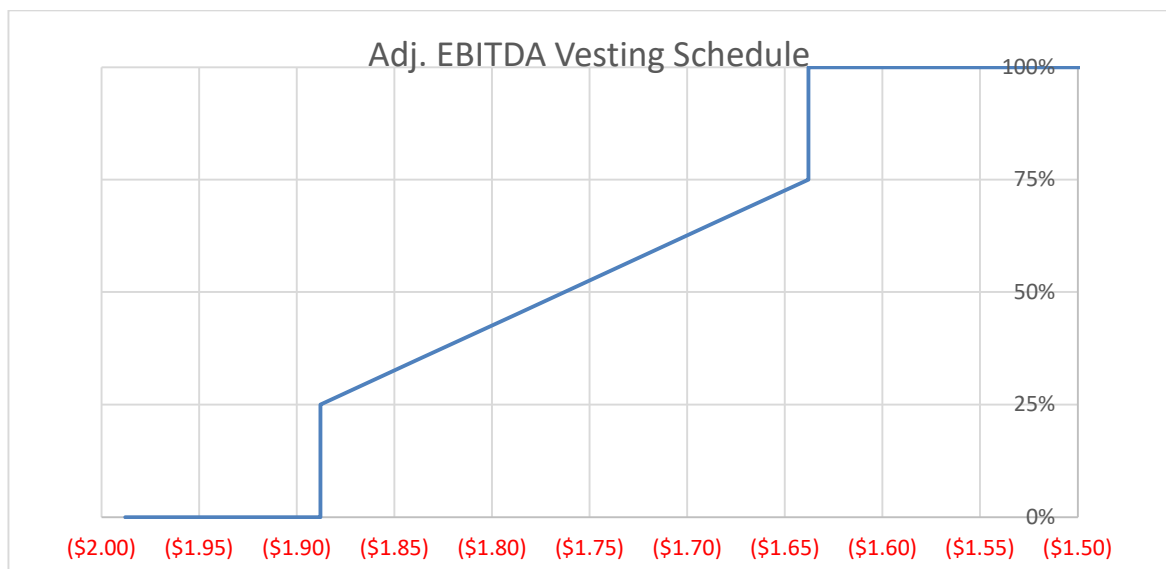
- Annualized Recurring Revenue (ARR):
  - **Trigger value:** \$11,063,999 resulting in 25% achievement of allocated bonus
  - **Target - \$1:** 11,447,924 resulting in 75% achievement of allocated bonus
  - **Target:** value \$11,447,925 resulting in 100% achievement of allocated bonus
  - **Max:** Above target achievement, every additional \$500,000 of ARR results in an additional 100% of base bonus
- **Adjusted EBITDA:**
  - **Trigger value:** (\$-1,887,857) resulting in 25% achievement of allocated bonus
  - **Target-\$1:** (\$-1,637,856) resulting in 75% achievement of allocated bonus
  - **Target:** (\$-1,637,857) resulting in 100% of achievement of allocated bonus
  - **Max:** Adj. EBITDA is not eligible for additional performance

## MANAGEMENT INCENTIVE PLAN (MIP)

**ARR: Thresholds: Minimum Trigger (25%), Target (100%), no max**



**EBITDA: Thresholds: Minimum Trigger (25%), Target (100%) and Maximum (100%)**



### **Plan Components**

The Plan consists of two Corporate Objectives each with a Target Metric, and a Trigger and Target Threshold and Weight as follows:

Corporate Objective	Target Metric	Trigger Threshold	Target Threshold	Max percentage	Weight
Annualized Recurring revenue	\$11,447,925	25% of Target	100%	Unbounded	100%

Adjusted EBITDA	(\$1,637,857.44)	25% of Target	100%	100%	NA
Total					[100]%

To calculate the 2020 bonus the plan takes the product of; the target bonus amount; the ARR performance metric; and then the EBITDA performance metric

#### **Sample Plan Participant Calculated Incentive Compensation Payout**

Criteria	Basis / Outcome
Plan Funding Status	100%
Base Salary Earnings	\$100,000
Incentive Compensation Opportunity (% of Base Earnings)	20%
Target Bonus Opportunity at 100% Achievement	\$20,000
ARR Component & Weigh (100%)	\$20,000
2020 example ARR performance	100%
2020 example EBITDA performance	75%
Calculated Incentive Compensation Payout	\$15,000

#### **Timing of Incentive Compensation Payment**

Incentive Compensation payments will be made after the Plan Years' financial results have been calculated, and the Operating Board has approved the incentive compensation payout; estimated between March and April of 2021.

To receive an incentive compensation payment, the Plan Participant must be actively employed and be in good standing with the Company at the time incentive compensation payments are made to all Plan Participants.

#### **Administration**

Officers of the Company, under the authority of the Operating Board, have the authority and discretion to construe, interpret and administer this incentive compensation plan. As a condition of eligibility to participate in this Plan, a participant must accept that all determinations of the Officers of the Company or any of its delegates will be final, conclusive and binding.

#### **Interpretation**

This document is intended to provide guidance and direction. It is governed by the terms and conditions noted in the Management Incentive Plan Document.

#### **Amendments**

The Plan may, at any time with or without notice, be amended, modified, suspended or terminated.

#### **Assignment**

Plan participants rights including eligibility to receive an incentive compensation payment pursuant to the Plan are not assignable.

**Applicable Law**

This document shall be governed by the laws of the State of Illinois.

**No Employment Rights**

Nothing contained in this incentive plan shall be construed as a contract of employment between the Company or its affiliates and a plan participant. Plan participant employment therefore, is At-Will and may be terminated by the Company or plan participant at any time with or without cause.

**Definitions**

- Effective Date: January 1, 2020
- Annualized Recurring Revenue (ARR): Annualized in month recurring revenue
- Adjusted EBITDA: Reported EBITDA including adjustments listed in the Q4 2020 financial close documents to account for irregular and non recurring expenses
- Base Salary Earnings: Base compensation exclusive of other taxable earnings (e.g., other incentive pays, relocation assistance) earned from the Effective Date to December 31.

**MANAGEMENT INCENTIVE COMPENSATION PLAN (MIP)****Plan Participant Acknowledgement and Agreement.**

Plan Participants must acknowledge their understanding and agreement to the terms and conditions of this MIP document by signing and timely returning a copy of Addendum 1 to Beth Worthem Vice President of Finance and Human Resources to be eligible to participate in and receive an incentive compensation payment pursuant to this Plan.

Date Plan Approved: **[DATE]**

Approved By:

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**Rik Chomko**  
Chief Executive Officer, Hufcor Inc

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**Damian Blazy**  
Principal, OpenGate Capital