
FAMILY ZONE CYBER SAFETY LIMITED

ACN 167 509 177

NOTICE OF GENERAL MEETING

A general meeting of the Company will be held at Level 9, Mia Yellagonga Tower 2, 5 Spring Street, Perth, Western Australia on Friday, 24 June 2022 at 9.00am (AWST).

*Family Zone Cyber Safety Limited (**Company**) advises Shareholders that a general meeting (**Meeting**) will be held in compliance with any restrictions on public gatherings in Australia.*

Due to the evolving COVID-19 situation, it may not be possible for Shareholders to physically attend the Meeting. As a result, the Company strongly encourages all Shareholders to vote by directed proxy rather than attend the meeting in person. Proxy forms for the meeting should be lodged before 9.00am (AWST) on Wednesday, 22 June 2022.

Shareholders can also submit, and are encouraged to submit, any questions in advance of the Meeting by emailing the questions to emma@familyzone.com.au by no later than 9.00am (AWST) on Wednesday, 22 June 2022.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9322 7600

FAMILY ZONE CYBER SAFETY LIMITED

ACN 167 509 177

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Family Zone Cyber Safety Limited (**Company**) will be held at Level 9, Mia Yellagonga Tower 2, 5 Spring Street, Perth, Western Australia on Friday, 24 June 2022 at 9.00am (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 22 June 2022 at 5:00pm (AWST).

The Company advises that a poll will be conducted for all Resolutions.

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

AGENDA

1 Resolution 1 – Ratification of Tranche 1 Shares

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 91,035,100 Shares pursuant to tranche one of the Placement, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any investor that participated in tranche one of the Placement or an associate of any investor that participated in tranche one of the Placement.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2 Resolution 2 – Approval to issue Tranche 2 Shares

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 30,670,781 Shares pursuant to tranche two of the Placement on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any investor that may participate in tranche two of the Placement and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3 Resolution 3 – Director Participation in Placement – Tim Levy

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 294,118 Shares to Tim Levy (and/or his nominees) pursuant to tranche two of the Placement on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Tim Levy (and/or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or as associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4 Resolution 4 – Director Participation in Placement – Peter Pawlowitsch

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 1,470,589 Shares to Peter Pawlowitsch (and/or his nominees) pursuant to tranche two of the Placement on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Peter Pawlowitsch (and/or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or as associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5 Resolution 5 – Director Participation in Placement – Crispin Swan

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 58,824 Shares to Crispin Swan (and/or his nominees) pursuant to tranche two of the Placement on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Crispin Swan (and/or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or as associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6 Resolution 6 – Approval to issue Consideration Shares

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

"That, subject to each of the other Conditional Resolutions being passed or the interconditionality of the other Conditional Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the

issue of up to 21,093,593 Consideration Shares pursuant to the Unit Purchase Agreement on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who may receive the Consideration Shares and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7 Resolution 7 – Approval to issue Deferred Consideration Shares

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

"That, subject to each of the other Conditional Resolutions being passed or the interconditionality of the other Conditional Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 80,633,748 Deferred Consideration Shares pursuant to the Unit Purchase Agreement on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who may receive the Deferred Consideration Shares and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8 Resolution 8 – Approval to issue Convertible Notes

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

"That, subject to each of the other Conditional Resolutions being passed or the interconditionality of the other Conditional Resolutions being waived by the Board, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 7,490 Convertible Notes pursuant to the Convertible Note Agreements, the issue of such number of Shares on conversion of the Convertible Notes calculated in accordance with the formula in the Explanatory Memorandum and the issue of the Interest Shares, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who may receive the Convertible Notes and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9 Resolution 9 – Ratification of Cipafilter Shares

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 13,116,316 Shares to Alan Derbyshire and Andrew Derbyshire pursuant to the Business Sale Agreement, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf Alan Derbyshire or Andrew Derbyshire or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

10 Resolution 10 – Ratification of Northcity Options

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 3,000,000 Options each with an exercise price of A\$0.60 and expiring on 31 January 2026 to Northcity Assets Pty Ltd pursuant to the Loan Agreement, on the terms and conditions in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf Northcity Assets Pty Ltd or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairperson to vote on the resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

11 Resolution 11 – Approval to Additional Northcity Options

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 2,000,000 Options each with an exercise price of A\$0.60 and expiring on 31 January 2026 to Northcity Assets Pty Ltd pursuant to the Loan Agreement on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Northcity Assets Pty Ltd and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities) or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution that way; or
- (b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 18 May 2022

By order of the Board



Tim Levy

Managing Director

FAMILY ZONE CYBER SAFETY LIMITED

ACN 167 509 177

EXPLANATORY MEMORANDUM

1 Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Inter-Conditional Resolutions
Section 4	Background to the Acquisition and Placement
Section 5	Resolution 1 – Ratification of Tranche 1 Shares
Section 6	Resolution 2 – Approval to issue Tranche 2 Shares
Section 7	Resolutions 3 to 5 (inclusive) – Director Participation in Placement
Section 8	Resolution 6 – Approval to issue Consideration Shares
Section 9	Resolution 7 – Approval to issue Deferred Consideration Shares
Section 10	Resolution 8 – Approval to issue Convertible Notes
Section 11	Resolution 9 – Ratification of Cipafilter Shares
Section 12	Resolution 10 – Ratification of Northcity Options
Section 13	Resolution 11 – Approval to issue Additional Northcity Options
Schedule 1	Definitions
Schedule 2	Summary of Unit Purchase Agreement
Schedule 3	Summary of Consideration

Schedule 4	Terms and Conditions of Deferred Consideration
Schedule 5	Summary of Kibo Convertible Note Agreement
Schedule 6	Summary of W8 Convertible Note Agreement
Schedule 7	Terms of ASX Waiver
Schedule 8	Terms and Conditions of Options

A Proxy Form is located at the end of this Explanatory Memorandum.

2 Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

The Company advises that a poll will be conducted for all Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Returning the Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 9.00am (AWST) on Wednesday, 22 June 2022, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Attendance at Meeting

The Company advises Shareholders that the Meeting will be held in compliance with any government restriction on gatherings in Australia (and/or Western Australia). Due to the COVID-19 situation, the Company strongly encourages all Shareholders to vote by directed proxy rather than attend the meeting in person.

If it becomes necessary or appropriate to make alternative arrangements to those detailed in this Notice, Shareholders will be updated via the ASX announcements platform and on the Company's website at <https://www.familyzone.com/anz/investor-centre>.

3 Inter-Conditional Resolutions

The Conditional Resolutions (Resolutions 6 to 8 (inclusive)) are inter-conditional, meaning that each of them will only take effect if they are all approved by the requisite majority of Shareholders' votes at the Meeting or the Board decides to waive the interconditionality of a Conditional Resolution. The Board may, at its absolute discretion and subject to the Listing Rules and Corporations Act, elect to waive a Conditional Resolution in the event a particular Conditional Resolution is not passed. However, any waiver of the interconditionality may require amendments to the Unit Purchase Agreement as there are conditions in the Unit Purchase Agreement which currently require all the transactions subject to the Conditional Resolutions to be approved.

If any of the Conditional Resolutions are not approved at the Meeting and/or the interconditionality is not waived by the Board, none of the Conditional Resolutions will take effect and the issue of securities and other matters contemplated by the Conditional Resolutions and Acquisition (described below) will not be completed.

4 Background to the Acquisition and Placement

Acquisition of Qustodio

4.1 On 2 May 2022, the Company announced that it had entered into a Unit Purchase Agreement to acquire the entire issued capital of Qustodio LLC (and indirectly its two Spanish subsidiaries) (**Qustodio**) from the Unitholders for approximately US\$52 million (**Purchase Price**) comprising:

- (a) US\$10.82 million cash (**Cash Consideration**);
- (b) up to 21,093,593 fully paid ordinary shares in the Company to be issued at Completion (**Consideration Shares**), except for the Evolium Shares which will be issued 8 and 16 months from Completion;
- (c) up to a maximum of US\$24.56 million of deferred consideration (**Deferred Consideration**), the actual amount to be calculated based on the financial performance of Qustodio in the 12 and 24 month periods following Completion and to be satisfied by the issue of up to 80,633,748 ordinary shares in the Company (**Deferred Consideration Shares**). The terms of the Deferred Consideration are detailed in Schedule 4; and
- (d) up to US\$7.49 million of convertible notes to a value equal to the consideration otherwise payable in cash to two of the Unitholders, W8 and Kibo, on the terms and conditions summarised in Schedule 5 and Schedule 6 (**Convertible Notes**),

(the **Acquisition**). Refer to Schedule 2 for a summary of the Unit Purchase Agreement. Refer to Schedule 3 for a breakdown of the consideration to be issued to each Unitholder.

4.2 The Purchase Price, and therefore the amounts as detailed in paragraphs (a) to (d) above, may be adjusted based on the financial position of Qustodio at Completion. However, the number of Consideration Shares, Deferred Consideration Shares and Convertible Notes will not exceed the maximum number for which Shareholder approval is sought under Resolutions 6 to 8 (inclusive).

4.3 Completion of the Acquisition will be conditional upon satisfaction of various conditions precedent, including:

- (a) the completion of the Placement (described below);

- (b) the Acquisition (with respect to the Spanish subsidiaries) receiving Spanish foreign direct investment authorisation; and
- (c) Shareholder approval for the issue of the Consideration Shares (Resolution 6), Deferred Consideration Shares (Resolution 7) and Convertible Notes (including any interest shares to be issued to W8 in connection with the Convertible Notes (**Interest Shares**)) (Resolution 8).
- 4.4 For further information on the Acquisition, refer to the Company's ASX announcement dated 2 May 2022.

Placement

- 4.5 On 4 May 2022, the Company announced a two-tranche placement for the issue of 123,529,412 Shares at an issue price of A\$0.34 per Share to raise up to approximately A\$42 million (**Placement**), comprising:
- (a) Tranche 1: 91,035,100 Shares (**Tranche 1 Shares**) to raise approximately A\$30.95 million (before costs) using the Company's existing Listing Rule 7.1 placement capacity. The Tranche 1 Shares were issued on 12 May 2022;
- (b) Tranche 2: 30,670,781 Shares (**Tranche 2 Shares**) to raise approximately A\$10.43 million (before costs) subject to Shareholder approval; and
- (c) Related Party Shares: 1,823,531 Shares to be issued to certain Directors pursuant to tranche two of the Placement to raise approximately A\$0.62 (before costs) million subject to Shareholder approval.
- 4.6 The investors who have participated, or will be participating, in the Placement comprise certain Directors and institutional, professional and sophisticated investors identified by the Company and the Joint Lead Managers for the Placement.
- 4.7 The proceeds from the Placement will be utilised to:
- (a) fund the Cash Consideration;
- (b) strengthen the Company's balance sheet to support additional growth and corporate opportunities; and
- (c) for working capital purposes to fund the Company to cash flow break even.
- 4.8 For further information on the Placement, refer to the Company's ASX announcement dated 4 May 2022.

Background to Qustodio and the Acquisition

- 4.9 Qustodio is a cyber-safety company and is a global leader in parental controls with customers in more than 100 countries and operating in nine languages. Its business operates out of Barcelona, Spain however its revenue base and customers are global, with approximately half in the United States.
- 4.10 Qustodio's main service is an all-in-one parental control and digital wellbeing solution enabling parents to monitor their children's screen time and set up website filters, location tracking and app-blocking to keep their children safe online. It can also block certain apps and websites during school and homework hours to ensure the child is focused on their education.
- 4.11 The Qustodio solution primarily services the home parental control market. Qustodio is considered to be a leader in parental controls operating globally and selling services direct and through telco carrier partnerships.

4.12 The Board considers the Acquisition to be an attractive and complementary business to the Company's current operations for the following reasons:

- (a) it aligns with the Company's strategy to expand its feature sets to be a compelling global solution and leverage schools to promote parental control services in parents (the Company's "School Community" model);
- (b) it will provide the Company will access to a set of services and technologies that offer immediate growth opportunities across the European and United States markets;
- (c) it will provide additional expertise across engineering, product and sales to increase the Company's growth; and
- (d) it will allow the Company to continue to expand as a significant global cyber safety provider.

Effect on Capital Structure

4.13 The indicative effect of the Acquisition and Placement on the capital structure of the Company (including the dilution to existing Shareholders) will be as follows:

	Shares	Dilution to existing Shareholders ¹	Options	Performance Rights	Performance Shares
Current issued capital	730,800,887	-	25,647,491	43,194,565	3,000,000
Maximum number of Consideration Shares to be issued pursuant to the Acquisition	18,265,956	1.87%	-	-	-
Maximum number of Evolium Shares to be issued pursuant to the Acquisition	2,827,637	0.29%			
Maximum number of Deferred Consideration Shares to be issued pursuant to the Acquisition	80,633,748	8.27%	-	-	-
Maximum number of Shares to be issued on conversion of Convertible Notes pursuant to the Acquisition	17,441,916	1.79%	-	-	-
Maximum number of Interest Shares to be issued under the W8 Convertible Notes pursuant to the Acquisition	1,093,053	0.11%			
To be issued pursuant to the Placement	123,529,412	12.67%	-	-	-
Total on completion of the Acquisition and Placement	974,592,609	25%	25,647,491	43,194,565	3,000,000

1. Assuming that:

- a. the maximum number of Shares are issued pursuant to the Acquisition;
- b. the maximum number of Shares are issued pursuant to the Placement;
- c. no other options, performance rights or other convertible securities are exercised or converted;
- d. no further Shares are issued by the Company.

5 Resolution 1 - Ratification of Tranche 1 Shares

5.1 Background

The Tranche 1 Shares were issued on 12 May 2022 to professional and sophisticated investors identified by the Company and the Joint Lead Managers. Refer to Section 4.5 for further details on the Placement.

The Tranche 1 Shares were issued without Shareholder approval under Listing Rule 7.1.

Resolution 1 seeks ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Shares.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

5.2 Listing Rule 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Tranche 1 Shares does not fit within any of these exceptions, and, as it has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's 15% placement capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Resolution 1 seeks Shareholder approval for the Tranche 1 Shares under and for the purposes of Listing Rule 7.4.

If Resolution 1 is passed, the Tranche 1 Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 1 is not passed, the Tranche 1 Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

5.3 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is provided in relation to the Tranche 1 Shares:

- (a) The Tranche 1 Shares were issued to professional and sophisticated investors identified by the Company and the Joint Lead Managers in connection with the Placement. None of the recipients were related parties, key management personnel, a substantial shareholder or an advisor of the Company or an associate of one of these.

- (b) 91,035,100 fully paid ordinary shares were issued.
- (c) The Tranche 1 Shares are fully paid ordinary shares and rank equally with the Company's existing Shares on issue.
- (d) The Tranche 1 Shares were issued on Thursday, 12 May 2022.
- (e) The Tranche 1 Shares were issued at a price of A\$0.34 per Share, raising a total of A\$30,951,934.
- (f) Funds raised from the issue of the Tranche 1 Shares will be used in accordance with Section 4.7.
- (g) The Tranche 1 Shares were issued pursuant to short form subscription letters under which the professional and sophisticated investors were issued Shares at an issue price of A\$0.34 per Share. Under the short form subscription letters, the professional and sophisticated investors agreed to subscribe for Shares at an issue price of A\$0.34 and were subject to standard representations and warranties customary for an agreement of this nature.
- (h) A voting exclusion statement is included in the Notice for Resolution 1.

5.4 **Director Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 1.

6 Resolution 2 – Approval to issue Tranche 2 Shares

6.1 **General**

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Tranche 2 Shares pursuant to the Placement to professional and sophisticated investors identified by the Company and the Joint Lead Managers. Refer to Section 4.5 for further details on the Placement.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

6.2 **Listing Rule 7.1**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Tranche 2 Shares does not fall within any of these exceptions and will result in the Company exceeding the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Company's Shareholders under Listing Rule 7.1.

If Resolution 2 is passed, the Tranche 2 Shares will be issued to professional and sophisticated investors and the Company will raise approximately A\$10.43 million.

If Resolution 2 is not passed, the Tranche 2 Shares will not be issued to professional and sophisticated investors and the Company will not raise approximately A\$10.43 million.

6.3 Information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the Tranche 2 Shares:

- (a) The Tranche 2 Shares will be issued to sophisticated and professional investors identified by the Company and the Joint Lead Managers in connection with the Placement. None of the recipients were related parties, key management personnel, a substantial shareholder or an advisor of the Company or an associate of one of these.
- (b) 30,670,781 Shares will be issued under tranche two of the Placement.
- (c) The Tranche 2 Shares will be fully paid ordinary shares and will rank equally with the Company's existing Shares on issue.
- (d) The Tranche 2 Shares will be issued no later than three months after the date of the Meeting.
- (e) The Tranche 2 Shares will be issued at a price of A\$0.34 per Share to raise a total of approximately A\$10.43 million.
- (f) Funds raised from the issue of the Tranche 2 Shares will be used in accordance with Section 4.7.
- (g) The Tranche 2 Shares will be issued pursuant to short form subscription letters under which the professional and sophisticated investors will be issued Shares at an issue price of A\$0.34 per Share. Under the short form subscription letters, the professional and sophisticated investors will agree to subscribe for Shares at an issue price of A\$0.34 and will be subject to standard representations and warranties customary for an agreement of this nature.
- (h) A voting exclusion statement is included in the Notice for Resolution 2.

6.4 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2.

7 Resolutions 3 to 5 (inclusive) – Director Participation in Placement

7.1 General

Resolutions 3 to 5 (inclusive) seek Shareholder approval in accordance with Listing Rule 10.11 for the issue of up to 1,823,531 Shares to certain Directors, comprising:

- (a) 294,118 Shares to Tim Levy (and/or his nominees) – Managing Director;
- (b) 1,470,589 Shares to Peter Pawlowitsch (and/or his nominees) – Non-Executive Chairman; and
- (c) 58,824 Shares to Crispin Swan (and/or his nominees) – Executive Director,

pursuant to tranche two of the Placement (**Related Party Shares**). Refer to Section 4.5 for further details on the Placement.

Resolutions 3 to 5 (inclusive) are ordinary resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolutions 3 to 5 (inclusive).

7.2 **Section 208 of Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Board (excluding Tim Levy, Peter Pawlowitsch and Crispin Swan) considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. The Related Party Shares will be issued to Tim Levy, Peter Pawlowitsch and Crispin Swan on the same terms as non-related party participants in the Placement and as such the giving of the financial benefit to the Directors will be on arm's length terms.

7.3 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains shareholder approval.

The issue of Related Party Shares to Tim Levy, Peter Pawlowitsch and Crispin Swan (and/or their nominees) falls within Listing Rule 10.11.1, as Tim Levy, Peter Pawlowitsch and Crispin Swan are related parties of the Company, and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.11.

Resolutions 3 to 5 (inclusive) seek the required Shareholder approval to issue the Related Party Shares to Tim Levy, Peter Pawlowitsch and Crispin Swan (and/or their nominees) under and for the purposes of Listing Rule 10.11.

If Resolutions 3 to 5 (inclusive) are passed, the Company will be able to proceed with the issue of Related Party Shares to Tim Levy, Peter Pawlowitsch and Crispin Swan (and/or their nominees) and pursuant to Listing Rule 7.2, exception 14, the Company may issue the Related Party Shares without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Resolutions 3 to 5 (inclusive) are not passed, the Company will not be able to proceed with the issue of Related Party Shares to Tim Levy, Peter Pawlowitsch and Crispin Swan (and/or their nominees) and the Company may not be able to raise an additional A\$620,000 under the Placement.

7.4 Specific information required by Listing Rule 10.13

In accordance with Listing Rule 10.13, the following information is provided in relation to the Related Party Shares:

- (a) The Related Party Shares will be issued to Tim Levy, Peter Pawlowitsch and Crispin Swan (and/or their nominees).
- (b) Tim Levy, Peter Pawlowitsch and Crispin Swan fall within Listing Rule 10.11.1 as they are related parties of the Company by reason of being directors of the Company.
- (c) The maximum number of Related Party Shares to be issued to Tim Levy, Peter Pawlowitsch and Crispin Swan (and/or their nominees) is as follows:
 - (i) 294,118 Shares to Tim Levy (and/or his nominees) – Managing Director;
 - (ii) 1,470,589 Shares to Peter Pawlowitsch (and/or his nominees) – Non-Executive Chairman; and
 - (iii) 58,824 Shares to Crispin Swan (and/or his nominees) – Executive Director.
- (d) The Related Party Shares issued under the Placement are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (e) The Related Party Shares will be issued no later than one month after the date of the Meeting.
- (f) The Related Party Shares issued under the Placement will be issued at a price of A\$0.34 per Share to raise a total of approximately A\$0.62 million.
- (g) Funds raised from the issue of the Related Party Shares will be used in accordance with Section 4.7.
- (h) The Related Party Shares will be issued pursuant to short form subscription letters under which Tim Levy, Peter Pawlowitsch and Crispin Swan will be issued Shares at an issue price of A\$0.34 per Share. Under the short form subscription letters, Tim Levy, Peter Pawlowitsch and Crispin Swan will agree to subscribe for Shares at an issue price of A\$0.34 and will be subject to standard representations and warranties customary for an agreement of this nature.
- (i) A voting exclusion statement is included in the Notice for Resolutions 3 to 5 (inclusive).
- (j) Other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 3 to 5.

7.5 Director Recommendation

The Directors (other than Tim Levy, Peter Pawlowitsch and Crispin Swan) recommend that Shareholders vote in favour of Resolutions 3 to 5.

8 Resolution 6 - Approval to issue Consideration Shares

8.1 General

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Consideration Shares pursuant to the Acquisition to the following Unitholders:

- (a) up to 18,850,911 Shares will be issued to Evolium;
- (b) up to 353,828 Shares will be issued to Creative Ways;
- (c) up to 589,665 Shares will be issued to Landazuri;
- (d) up to 330,258 Shares will be issued to AEA; and
- (e) up to 968,931 Shares will be issued to Arminjon.

Refer to Section 4 for further information on the Consideration Shares and the Acquisition.

Evolium, Creative Ways, Landazuri, AEA and Arminjon are not related parties or associates of a related party of the Company.

Resolution 6 is an ordinary resolution. Resolution 6 is subject to the approval of the other Conditional Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 6.

8.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is described in Section 6.2.

If Resolution 6 is passed, the Consideration Shares will be issued to Evolium, Creative Ways, Landazuri, AEA and Arminjon and the Company will be able to proceed with the Acquisition. In addition, the issue of the Consideration Shares will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under its 15% placement capacity.

If Resolution 6 is not passed, the Consideration Shares will not be issued to Evolium, Creative Ways, Landazuri, AEA and Arminjon and the Company will have to consider alternative means of consideration pursuant to the Acquisition (such as cash consideration) or the Acquisition will not proceed.

8.3 Information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the Consideration Shares:

- (a) The Consideration Shares will be issued to Evolium, Creative Ways, Landazuri, AEA and Arminjon.
- (b) Up to 21,093,593 Shares will be issued as follows:
 - (i) up to 18,850,911 Shares will be issued to Evolium;
 - (ii) up to 353,828 Shares will be issued to Creative Ways;
 - (iii) up to 589,665 Shares will be issued to Landazuri;
 - (iv) up to 330,258 Shares will be issued to AEA; and
 - (v) up to 968,931 Shares will be issued to Arminjon.

- (c) The Consideration Shares will be fully paid ordinary shares and will rank equally with the Company's existing Shares on issue.
- (d) Up to 18,265,956 Consideration Shares will be issued no later than three months after the date of the Meeting.
- (e) ASX has granted the Company a waiver from Listing Rule 7.3.4 to the effect that, if Resolution 6 is approved, the Company may issue up to 2,990,693¹ Consideration Shares to Evolium (**Evolium Shares**) no later than, as to 50%, eight and, as to 50%, 16 months from Completion. The number of Evolium Shares to be issued will be reduced to the extent of any successful warranty and indemnity claims by the Company under the Unit Purchase Agreement.
- (f) The Company anticipates issuing the Evolium Shares over two separate dates (50% on each date), being the date which is eight (8) months from Completion and the date which is sixteen (16) months from Completion.
- (g) If the maximum number of Evolium Shares are issued, the Evolium Shares will represent approximately 0.29% of the Company's issued share capital.
- (h) The full terms of the waiver of Listing Rule 7.3.4 that was granted by ASX are set out in Schedule 7.
- (i) The Consideration Shares will be issued at a deemed issued price of A\$0.426 per Share. No funds will be raised from the issue of the Consideration Shares.
- (j) The Consideration Shares will be issued pursuant to the Unit Purchase Agreement as detailed in Section 4 and summarised in Schedule 2.
- (k) A voting exclusion statement is included in the Notice for Resolution 6.

8.4 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

9 Resolution 7 – Approval to issue Deferred Consideration Shares

9.1 General

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Deferred Consideration Shares pursuant to the Acquisition to Cruz, Cuevas and Gabel as follows:

- (a) up to 56,684,089 Shares will be issued to Cruz;
- (b) up to 15,966,248 Shares will be issued to Cuevas; and
- (c) up to 7,983,411 Shares will be issued to Gabel.

The number of Deferred Consideration Shares to be issued will be reduced to the extent of any successful warranty and indemnity claims by the Company under the Unit Purchase Agreement. The actual number of Deferred Consideration Shares to be issued will be

¹ ASX granted a waiver to issue up to 2,990,693 Consideration Shares. The actual maximum number of Evolium Shares to be issued is 2,827,637.

calculated based on the financial performance of Qustodio in the 12 and 24 month periods following Completion.

Refer to Section 4 for further information on the Deferred Consideration Shares.

Cruz, Cuevas and Gabel are not related parties or associates of a related party of the Company.

Resolution 7 is an ordinary resolution. Resolution 7 is subject to the approval of the other Conditional Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 7.

9.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is described in Section 6.2.

If Resolution 7 is passed, the Deferred Consideration Shares will be issued Cruz, Cuevas and Gabel and the Company will be able to proceed with the Acquisition. In addition, the issue of the Deferred Consideration Shares will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under its 15% placement capacity.

If Resolution 7 is not passed, the Deferred Consideration Shares will not be issued to Cruz, Cuevas and Gabel and the Company will have to consider alternative means of consideration pursuant to the Acquisition (such as cash consideration) or the Acquisition will not proceed.

9.3 **Information required by Listing Rule 7.3**

In accordance with Listing Rule 7.3, the following information is provided in relation to the Consideration Shares:

- (a) The Deferred Consideration Shares will be issued to Cruz, Cuevas and Gabel.
- (b) Up to 80,633,748 Shares will be issued as follows:
 - (i) up to 56,684,089 Shares will be issued to Cruz;
 - (ii) up to 15,966,248 Shares will be issued to Cuevas; and
 - (iii) up to 7,983,411 Shares will be issued to Gabel.
- (c) The Deferred Consideration Shares will be fully paid ordinary shares and will rank equally with the Company's existing Shares on issue.
- (d) ASX has granted the Company a waiver from Listing Rule 7.3.4 to the effect that, if Resolution 7 is approved, the Company may issue up to 85,284,332² Deferred Consideration Shares no later than 24 months from Completion.
- (e) The Company anticipates issuing the Deferred Consideration Shares over two separate dates, being the date that is 12 months from Completion and the date that is 24 months from Completion (up to 50% of the Deferred Consideration Shares on that date).
- (f) If the maximum number of Deferred Consideration Shares are issued, the Deferred Consideration Shares will represent approximately 8.27% of the Company's issued share capital.

² ASX granted a waiver to issue up to 85,284,332 Deferred Consideration Shares. The actual maximum number of Deferred Consideration Shares to be issued is 80,633,748.

- (g) The full terms of the waiver of Listing Rule 7.3.4 that was granted by ASX are set out in Schedule 7.
- (h) The Deferred Consideration Shares will be issued at a deemed issued price of A\$0.426 per Share. No funds will be raised from the issue of the Deferred Consideration Shares.
- (i) The Deferred Consideration Shares will be issued pursuant to the Unit Purchase Agreement as detailed in Section 4 and summarised in Schedule 2.
- (j) A voting exclusion statement is included in the Notice for Resolution 7.

9.4 **Director Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 7.

10 Resolution 8 – Approval to issue Convertible Notes

10.1 **General**

Resolution 8 seeks Shareholder approval for the issue of Convertible Notes to Kibo and W8 pursuant to the Acquisition. Refer to Section 4 for further information on the Convertible Notes and the Acquisition. The terms of the Kibo Convertible Notes are detailed in Schedule 5. The terms of the W8 Convertible Notes are detailed in Schedule 6.

Kibo and W8 are not related parties or associates of a related party of the Company.

Resolution 8 is an ordinary resolution. Resolution 8 is subject to the approval of the other Conditional Resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolution 8.

10.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is described in Section 6.2.

Resolution 8 seeks Shareholder approval to issue to the Convertible Notes for the purposes of Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Convertible Notes and the Acquisition. In addition, the issue of the Convertible Notes, the Shares on conversion of the Convertible Notes and the Interest Shares will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under its 15% placement capacity.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Convertible Notes and the Company will have to consider alternative means of consideration pursuant to the Acquisition (such as cash consideration) or the Acquisition will not proceed.

10.3 **Information required by Listing Rule 7.3**

In accordance with Listing Rule 7.3, the following information is provided in relation to the Convertible Notes:

- (a) up to 4,162 Convertible Notes will be issued to Kibo.
- (b) up to 3,328 Convertible Notes will be issued to W8.

- (c) The number of Shares to be issued to Kibo and W8 upon conversion of the Convertible Notes will be calculated in accordance with the following formula:

$$\text{Number of Shares} = \frac{\text{Conversion Amount}}{\text{Conversion Price}}$$

For the purposes of the formula:

Conversion Amount	the aggregate Face Value of the Convertible Notes to be converted.
Conversion Price	US\$0.429.
Face Value	US\$1,000 per Convertible Note.

- (d) The number of Interest Shares to be issued to W8 quarterly in arrears will be calculated in accordance with the following formula:

$$\text{Number of Interest Shares} = \frac{\text{Accrued Interest Payable}}{\text{Interest Conversion Price}}$$

For the purposes of the formula:

Accrued Interest Payable	40% of all interest accrued but unpaid on the Face Value of the Convertible Note (note that the remaining 60% will be paid in cash).
Interest Conversion Price	the 30 Trading Day VWAP of Shares immediately prior to the relevant quarterly interest payment date (converted to US\$ at the exchange rate), subject to a floor price of US\$0.305.
Face Value	US\$1,000 per Convertible Note.

- (e) The maximum number of Shares to be issued to Kibo on conversion of the Convertible Notes is 7,750,403 Shares. The maximum number of Shares to be issued to W8 on conversion of the Convertible Notes (including the Interest Shares) is 10,784,566 Shares.
- (f) The terms and conditions of the Kibo Convertible Notes are detailed in Schedule 5.
- (g) The terms and conditions of the W8 Convertible Notes are detailed in Schedule 6.
- (h) Shares issued on conversion of the Convertible Notes and the Interest Shares will be fully paid ordinary Shares in the capital of the Company on the terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (i) The issue of the Convertible Notes will occur no later than three months after the date of the Meeting.
- (j) ASX has granted the Company a waiver from Listing Rule 7.3.4 to the effect that, if Resolution 8 is approved, the Company may issue up to 1,360,110³ Interest Shares to W8 no later than 24 months from Completion.

³ ASX granted a waiver to issue up to 1,360,110 Interest Shares. The actual maximum number of Interest Shares to be issued is 1,093,053.

- (k) The Company anticipates issuing the Interest Shares at the end of each quarter, being 31 March, 30 June, 30 September and 31 December, until the date that is twenty four (24) months from the date of issue of the Convertible Notes.
- (l) If the maximum number of Interest Shares are issued, the Interest Shares will represent approximately 0.11% of the Company's issued share capital.
- (m) The full terms of the waiver of Listing Rule 7.3.4 that was granted by ASX are set out in Schedule 7.
- (n) Each Convertible Note will have a deemed face value of US\$1,000. No funds will be raised from the issue of the Convertible Notes as they are being issued to Kibo and W8 as consideration for the Acquisition. As consideration for the issue of the Convertible Notes, the Company will receive:
 - (i) approximately 51,431 units in Qustodio from Kibo⁴; and
 - (ii) approximately 64,313 units in Qustodio from W8⁵.
- (o) The Kibo Convertible Notes are being issued pursuant to the Kibo Convertible Note Agreement, the key terms of which are summarised in Schedule 5.
- (p) The W8 Convertible Notes are being issued pursuant to the W8 Convertible Note Agreement, the key terms of which are summarised in Schedule 6.
- (q) A voting exclusion statement is included in the Notice for Resolution 8.

10.4 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 8.

11 Resolution 9 – Ratification of Cipafilter Shares

11.1 Background

On 28 February 2022, the Company announced that it had acquired the Cipafilter business through the 100% acquisition of the shares in its holding company Derbytech Inc. pursuant to a Business Sale Agreement (**Cipafilter Acquisition**).

As consideration for the Cipafilter Acquisition, the Company agreed to:

- (a) issue 13,166,316 Shares to the shareholders of Derbytech Inc. (**Cipafilter Shares**); and
- (b) pay US\$3.0 million in cash consideration to be paid out in 30 monthly instalments.

The Cipafilter Shares were issued on 16 March 2022. The Cipafilter Shares were issued without Shareholder approval under Listing Rule 7.1.

Resolution 9 seeks ratification pursuant to Listing Rule 7.4 for the issue of the Cipafilter Shares.

Resolution 9 is an ordinary resolution.

⁴ The convertible note consideration is for 57.5% of Kibo's units in Qustodio. The consideration for the remaining 42.5% of Kibo's units in Qustodio will be paid in cash by the Company.

⁵ The convertible note consideration is for 57.5% of W8's units in Qustodio. The consideration for the remaining 42.5% of W8's units in Qustodio will be paid in cash by the Company.

The Chairperson intends to exercise all available proxies in favour of Resolution 9.

For further details on the Cipafilter Acquisition, refer to the Company's ASX announcement dated 28 February 2022.

11.2 **Listing Rule 7.4**

A summary of Listing Rule 7.4 is described in Section 5.2.

Resolution 9 seeks Shareholder approval for the Cipafilter Shares under and for the purposes of Listing Rule 7.4.

If Resolution 9 is passed, the Cipafilter Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 9 is not passed, the Cipafilter Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

11.3 **Specific information required by Listing Rule 7.5**

In accordance with Listing Rule 7.5, the following information is provided in relation to the Cipafilter Shares:

- (a) The Cipafilter Shares were issued to Alan Derbyshire and Andrew Derbyshire as the shareholders of Derbytech Inc. Alan Derbyshire and Andrew Derbyshire are not related parties, key management personnel, a substantial shareholder or an advisor of the Company or an associate of one of these.
- (b) 13,116,316 fully paid ordinary shares were issued.
- (c) The Cipafilter Shares are fully paid ordinary shares and rank equally with the Company's existing Shares on issue.
- (d) The Cipafilter Shares were issued on 16 March 2022.
- (e) The Cipafilter Shares were issued at a deemed price of A\$0.478 per Share. No funds were raised from the issue of the Cipafilter Shares.
- (f) The Cipafilter Shares were issued pursuant to a Business Sale Agreement. A summary of the key terms are as follows:
 - (i) Alan Derbyshire and Andrew Derbyshire agree to sell and the Company agrees to purchase the stock of Derbyshire Inc. for US\$9 million comprising:
 - (A) US\$4.5 million in Shares representing 13,116,316 Shares;
 - (B) US\$4 million (less adjustments) to be paid over 30 months from completion; and
 - (C) US\$0.5 million through a staff bonus to selected employees to be paid 12 and 24 months from completion;
 - (ii) Completion of the Business Sale Agreement was conditional upon:
 - (A) the Company obtaining all necessary regulatory approvals;
 - (B) no material adverse effect has occurred in respect of Derbyshire Inc;

- (C) no breach of vendor warranties has occurred;
- (D) a suitable lease has been agreed between the parties for the premise currently used by CIPA Filter operation; and
- (E) all encumbrances over the vendors, sale stock, Derbyshire Inc. or the business assets are removed; and

(iii) Completion occurred on 1 March 2022.

The Business Sale Agreement contains other terms and conditions considered customary for an agreement of its nature.

(g) A voting exclusion statement is included in the Notice for Resolution 9.

11.4 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 9.

12 Resolution 10 – Ratification of Northcity Options

12.1 Background

On 18 January 2022, the Company entered into loan agreement with Northcity (**Loan Agreement**). Pursuant to the Loan Agreement, Northcity has agreed to provide a A\$10,000,000 working capital facility to the Company.

Pursuant to the Loan Agreement, the Company agreed to pay an establishment fee comprising:

- (a) A\$200,000 in cash; and
- (b) 3,000,000 Options each with an exercise price of A\$0.60 and expiring 31 January 2026 (**Northcity Options**).

The Northcity Options were issued on 5 April 2022. The Northcity Options were issued without Shareholder approval under Listing Rule 7.1.

Resolution 10 seeks ratification pursuant to Listing Rule 7.4 for the issue of the Northcity Options.

Resolution 10 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 10.

12.2 Listing Rule 7.4

A summary of Listing Rule 7.4 is described in Section 5.2.

Resolution 10 seeks Shareholder approval for the Northcity Options under and for the purposes of Listing Rule 7.4.

Resolution 10 is passed, the Northcity Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 10 is not passed, the Northcity Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity

securities it can issue without Shareholder approval over the 12 month period following the issue date.

12.3 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is provided in relation to the Northcity Options:

- (a) The Northcity Options were issued to Northcity. Northcity is not a related party, key management personnel, a substantial shareholder or an advisor of the Company or an associate of one of these.
- (b) 3,000,000 Options were issued to Northcity, each with an exercise price of A\$0.60 and expiring 31 January 2026.
- (c) A summary of the material terms of the Northcity Options is detailed in Schedule 8.
- (d) The Shares issued on exercise of the Northcity Options will be fully paid ordinary shares and will rank equally with the Company's existing Shares on issue.
- (e) The Northcity Options were issued on 5 April 2022.
- (f) The Northcity Options were issued for nil consideration and no funds were raised from the issue of the Northcity Options.
- (g) The Northcity Options were issued pursuant to a Loan Agreement. A summary of the key terms are as follows:
 - (i) Northcity has agreed to provide a A\$10,000,000 working capital facility to the Company with an interest rate of 10% per annum on the loan amount drawdown and 1% per annum on the undrawn portion of the facility;
 - (ii) the Company has agreed to pay an establishment fee comprising:
 - (A) A\$200,000 in cash; and
 - (B) 3,000,000 Options each with an exercise price of A\$0.60 and expiring 31 January 2026;
 - (iii) the loan will mature and become repayable in full on the date five years after the execution of the loan;
 - (iv) if the loan amount remains outstanding or the facility remains available to the Company on each of the date below, the Company will, subject to shareholder approval, issue to Northcity the number of options specified below:
 - (A) 31 July 2022 – 2,000,000 options each with an exercise price of A\$0.60 and expiry date of 31 January 2026;
 - (B) 31 January 2023 – 2,000,000 options each with an exercise price of A\$0.60 and expiry date of 31 January 2026; and
 - (C) 31 July 2023 – 3,000,000 options each with an exercise price of A\$0.60 and expiry date of 31 January 2026; and
 - (v) The facility is secured by a fixed and floating charge over all the existing and future assets of the Company.

The Loan Agreement contains other terms and conditions considered standard for an agreement of its nature.

(h) A voting exclusion statement is included in the Notice for Resolution 10.

12.4 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 10.

13 Resolution 11 - Approval to issue Additional Northcity Options

13.1 General

Resolution 11 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 2,000,000 Options each with an exercise price of A\$0.60 and expiring 31 January 2026 to Northcity (**Additional Northcity Options**) pursuant to the Loan Agreement.

Refer to Section 12.1 for further information on the Loan Agreement.

Northcity is not related party or associate of a related party of the Company.

Resolution 11 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 11.

13.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is described in Section 6.2.

If Resolution 11 is passed, the Additional Northcity Options will be issued to Northcity. In addition, the issue of the Additional Northcity Options will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under its 15% placement capacity.

If Resolution 11 is not passed, the Additional Northcity Options will not be issued to Northcity and the Company will have pay cash consideration of A\$142,857.

13.3 Information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, the following information is provided in relation to the Additional Northcity Options:

- (a) The Additional Northcity Options will be issued to Northcity. Northcity is not a related party, key management personnel, a substantial shareholder or an advisor of the Company or an associate of one of these.
- (b) 2,000,000 Options will be issued to Northcity, each with an exercise price of A\$0.60 and expiring 31 January 2026.
- (c) A summary of the material terms of the Additional Northcity Options is detailed in Schedule 8.
- (d) The Shares issued on exercise of the Additional Northcity Options will be fully paid ordinary shares and will rank equally with the Company's existing Shares on issue.
- (e) The Additional Northcity Options will be issued no later than three months after the date of the Meeting.
- (f) The Additional Northcity Options will be issued for nil consideration and no funds will be raised from the issue of the Additional Northcity Options.

(g) The Additional Northcity Options will be issued pursuant to the Loan Agreement as summarised in 12.3(g).

(h) A voting exclusion statement is included in the Notice for Resolution 11.

13.4 **Director Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 11.

Schedule 1

Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

A\$ or \$ means Australian Dollars;

Acquisition has the meaning given in Section 4.1;

Additional Northcity Options has the meaning given in Section 13.1;

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX;

AWST means Australian Western Standard Time, being the time in Perth, Western Australia;

Board means the board of Directors;

Business Sale Agreement means the business sale agreement between the Company, Alan Derbyshire, Andrew Derbyshire and Derbytech Inc. dated 1 March 2022;

Cash Consideration has the meaning given in Section 4.1;

Chairperson means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice;

Cipafilter Acquisition has the meaning given in Section 11.1;

Cipafilter Shares has the meaning given in Section 11.1;

Company or Family Zone means Family Zone Cyber Safety Limited (ACN 167 509 177);

Completion means completion of the sale of units in Qustodio pursuant to the Unit Purchase Agreement;

Conditional Resolutions means Resolutions 6 to 8 (inclusive);

Consideration Shares has the meaning given in Section 4.1;

Convertible Note Agreements means the Kibo Convertible Note Agreement and the W8 Convertible Note Agreement;

Convertible Notes has the meaning given in Section 4.1;

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

Deferred Consideration has the meaning given in Section 4.1;

Deferred Consideration Shares has the meaning given in Section 4.1;

Director means a director of the Company;

Equity Security has the same meaning as in the Listing Rules;

Evolium Shares has the meaning given in Section 8.3(e);

Evolium Voluntary Escrow Agreement means the voluntary escrow agreement to be entered into between Evolium and the Company in relation to the Evolium Shares;

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice;

Family Zone Group means the Company and its subsidiaries;

Interest Shares has the meaning given in Section 4.3(c);

Joint Lead Managers means Euroz Hartleys Limited and Shaw and Partners Limited;

Kibo Convertible Note Agreement means the convertible note agreement to be entered into between Kibo and the Company;

Listing Rules means the listing rules of ASX;

Loan Agreement has the meaning given in Section 12.1;

Meeting has the meaning in the introductory paragraph of the Notice;

Northcity means Northcity Assets Pty Ltd;

Northcity Options has the meaning given in Section 12.1(b);

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form;

Placement has the meaning given in Section 4.5;

Proxy Form means the proxy form attached to the Notice;

Purchase Price has the meaning given in Section 4.1;

Qustodio means Qustodio LLC;

Related Party Shares has the meaning given in Section 7.1;

Resolution means a resolution contained in the Notice;

Schedule means a schedule to this Explanatory Memorandum;

Section means a section of this Explanatory Memorandum;

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

Shareholder means a shareholder of the Company;

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules;

Tranche 1 Shares has the meaning given in Section 4.5(a);

Tranche 2 Shares has the meaning given in Section 4.5(b);

Unit Purchase Agreement means the unit purchase agreement entered into between the Company and Unitholders dated 1 May 2022;

Unitholders means the unitholders detailed in Schedule 3;

US\$ means United States Dollars;

VWAP means volume weighted average price; and

W8 Convertible Note Agreement means the convertible note agreement to be entered into between W8 and the Company.

Schedule 2

Summary of the Unit Purchase Agreement

Unit Purchase Agreement		
1.	Consideration	The consideration payable to each Unitholder under the Unit Purchase Agreement is detailed in Schedule 3. The consideration is payable on Completion, except for: - the Deferred Consideration, which will be issued, as to 50%, at 12 and, as to 50%, at 24 months from Completion (subject to the financial performance of Qustodio) and reduced to the extent of any successful warranty and indemnity claims by the Company under the Unit Purchase Agreement; - the Evolium Shares, which will be issued, as to 50%, at 8 and, as to 50%, at 16 months from Completion and reduced to the extent of any successful warranty and indemnity claims by the Company under the Unit Purchase Agreement; and 26.1% of the cash consideration payable to Kibo and W8, which is payable, as to 50%, at 8 and, as to 50%, at 16 months from Completion and reduced to the extent of any successful warranty and indemnity claims by the Company under the Unit Purchase Agreement.
2.	Conditions Precedent	Completion is conditional upon: (No injunction or prohibition) no governmental authority being issued, enforced or entered any law that is then in effect and prohibits the consummation of the transactions contemplated by the Unit Purchase Agreement; (Representations, warranties and covenants) the Company and the sellers representations and warranties being true and correct in all respects as of the date of Completion and the Company and the sellers having performed and complied in all material respects with all covenants, agreements and obligations under the Unit Purchase Agreement; (Ancillary Agreements) the Company and the seller representative having received an executed counterpart of the Kibo Convertible Note Agreement, W8 Convertible Note Agreement, Evolium Voluntary Escrow Agreement and employment agreements for Cruz, Cuevas and Gabel; (No material adverse effect) no occurrence of any change, event or development that has had or is likely to have a Material Adverse Effect. Material Adverse Effect means any event, change, circumstance, occurrence, effect, result or state of facts that, individually or in the aggregate, (i) is or would reasonably be expected to be materially adverse to the business, assets, condition (financial or otherwise) or results of operations of Qustodio and its subsidiaries, taken as a whole or (ii) materially impairs the ability of the sellers to consummate, or prevents or

		materially delays, any of the transactions contemplated by the Unit Purchase Agreement; • (Equity Financing) the Company having completed the Placement; • (Spanish FDI Approval) the transactions contemplated by the Unit Purchase Agreement (with respect to the Spanish subsidiaries) having received Spanish foreign direct investment authorisation; and • (Shareholder approval) the Company having obtained shareholder approval to issue the Convertible Notes, Consideration Shares and Deferred Consideration Shares.
3.	Completion	The sale and purchase of the units shall take place at a closing to be held at the offices of the Company at 10:00am (Perth time) on the fifth (5) business day following the satisfaction or waiver of all conditions precedent as detailed in Item 2.
4.	Warranties	Each party to the Unit Purchase Agreement provides warranties considered customary for an agreement of this nature.
5.	Termination	The Unit Purchase Agreement may be terminated at any time prior to Completion: • by mutual written consent of the Company and the seller representative; • by either party, if the party are not then in material breach of their obligations under the Unit Purchase Agreement and the other party breaches or fails to perform in any respect any of its representations, warranties or covenants and such breach would give rise to a failure of a condition set forth in Item 2, which cannot be cured within 15 days of the breach or has not been waived by the non-breaching party; • by either party, if any of the conditions set forth in Item 2 for the benefit of that party have become incapable of fulfilment prior to Completion; • by either party, if Completion has not occurred by 1 August 2022, provided that if the Spanish FDI approval has not been received by that date, the termination date will automatically be extended by three (3) months; • by either party, in the event that any governmental authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by the Unit Purchase Agreement; and • by the Company if prior to Completion, an event or condition occurs that has or is reasonably likely to have a Material Adverse Effect (as defined above).
6.	Break Fee	A break fee of US\$500,000 is payable by the Company to the

		Unitholders if the Unit Purchase Agreement is terminated due to a breach of the Unit Purchase Agreement by the Company or if the Company fails to complete the Placement.
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Schedule 3
Summary of Consideration¹

Unitholder	Qustodio Shares on Issue	% interest in Qustodio	Equity Value (US\$M)	Maximum amount of Cash Consideration (US\$)	Maximum number of Consideration Shares	Maximum number of Deferred Consideration Shares	Maximum number of Shares issued on conversion of Convertible Notes
Eduardo Cruz Echevarria (Cruz)	197,209	35.03%	17.27	-	-	56,684,089	-
Jose Gaspar Cuevas (Cuevas)	55,548	9.87%	4.86	-	-	15,966,248	-
Joshua Nathan Gabel (Gabel)	27,775	4.93%	2.43	-	-	7,983,411	-
Evolium Management S.L. (Evolium)	65,584	11.65%	5.74	-	18,850,911	-	-
W8 Ventures LLC (W8)	111,848	19.87%	9.79	5,630,575	-	-	10,784,566 ²
Kibo Ventures Continuation Fund (Kibo)	89,446	15.89%	7.83	4,502,829	-	-	7,750,403
Creative Ways SL (Creative Ways)	2,462	0.44%	0.22	107,774	353,828	-	-
Juan Jose Landazuri (Landazuri);	4,103	0.73%	0.36	179,609	589,665	-	-
AEA Capital Advisors SL (AEA)	2,298	0.41%	0.20	100,595	330,258	-	-
Didier Arminjon (Arminjon)	6,742	1.20%	0.59	295,131	968,931	-	-
TOTAL	563,015	100%	49.29	10,816,514	21,093,593	80,633,748	18,534,969

Notes:

- These amounts are subject to change due to financial adjustments prior to Completion.
- Includes 1,093,053 Interest Shares.

Schedule 4

Terms and Conditions of Deferred Consideration

1 DEFERRED CONSIDERATION AMOUNT

- 1.1 50% of the Deferred Consideration Entitlement (**Tranche 1**) for Cruz, Cuevas and Gabel (each a **Founder**) will be payable on the date which is 12 months from Completion (**First Payment Date**) if the relevant Founder is employed by Qustodio on the First Payment Date and both of the following conditions are satisfied:
- (a) the Deferred Consideration Company Revenue of Qustodio reaches at least US\$1.003 million by the month of the First Payment Date (**First Target Monthly Recurring Revenue**); and
 - (b) the ratio of EBITDA to Gross Billed Revenue for the Qustodio business is at least a 9.5% margin for the 12 month period ending on the First Payment Date (**First Period**) (**First Target EBITDA Margin**).
- 1.2 If on the First Payment Date the relevant Founder is employed by Qustodio and one but not both of the First Target Monthly Recurring Revenue and the First Target EBITDA Margin thresholds are reached, then the relevant Founder will be entitled to Tranche 1 minus either:
- (a) if the First Target Monthly Recurring Revenue is not reached, the difference, in US\$, between the First Target Monthly Recurring Revenue and the actual Deferred Consideration Company Revenue in the month of the First Payment Date multiplied by 12; or
 - (b) if the First Target EBITDA Margin is not reached, the difference between the First Target EBITDA Margin and the actual EBITDA margin for the First Period (expressed as a percentage) multiplied by the actual Gross Billed Revenues for the First Period in US\$.
- 1.3 If on the First Payment Date the relevant Founder is employed by Qustodio and neither the First Target Monthly Recurring Revenue or the First Target EBITDA Margin thresholds are reached, then the relevant Founder will be entitled to Tranche 1 minus the sum of:
- (a) the difference, in US\$, between the First Target Monthly Recurring Revenue and the actual Deferred Consideration Company Revenue in the month of the First Payment Date multiplied by 12; and
 - (b) the difference between the First Target EBITDA Margin and the actual EBITDA margin for the First Period (expressed as a percentage) multiplied by the actual Gross Billed Revenues for the First Period in US\$.
- 1.4 Any amount of Tranche 1 for each Founder not paid under clause 1.2 or 1.3 will be cancelled on the First Payment Date. For the avoidance of doubt, the payments in clause 1.1 to 1.3 are alternatives and only one of these clauses will apply.
- 1.5 50% of the Deferred Consideration Entitlement (**Tranche 2**) for each Founder will be payable on the date which is 24 months from Completion (**Second Payment Date**) if the relevant Founder is employed by Qustodio on the Second Payment Date and both of the following conditions are satisfied:
- (a) the Deferred Consideration Company Revenue of Qustodio reaches at least US\$1.154 million by the month of the Second Payment Date (**Second Target Monthly Recurring Revenue**); and

- (b) the ratio of EBITDA to Gross Billed Revenue for the Qustodio business is at least a 9.5% margin for the 12 month period ending on the Second Payment Date (**Second Period**) (**Second Target EBITDA Margin**).

1.6 If on the Second Payment Date the relevant Founder is employed by Qustodio and one but not both of the Second Target Monthly Recurring Revenue and the Second Target EBITDA Margin thresholds are reached, then the relevant Founder will be entitled to Tranche 2 minus either:

- (a) if the Second Target Monthly Recurring Revenue is not reached, the difference, in US\$, between the Second Target Monthly Recurring Revenue and the actual Deferred Consideration Company Revenue in the month of the Second Payment Date multiplied by 12; or
- (b) if the Second Target EBITDA Margin is not reached, the difference between the Second Target EBITDA Margin and the actual EBITDA margin for the Second Period (expressed as a percentage) multiplied by the actual Gross Billed Revenues for the Second Period in US\$.

1.7 If on the Second Payment Date the relevant Founder is employed by Qustodio and neither of the Second Target Monthly Recurring Revenue or the Second Target EBITDA Margin thresholds are reached, then the relevant Founder will be entitled to Tranche 2 minus the sum of:

- (a) the difference, in US\$, between the Second Target Monthly Recurring Revenue and the actual Deferred Consideration Company Revenue in the month of the Second Payment Date multiplied by 12; and
- (b) the difference between the Second Target EBITDA Margin and the actual EBITDA margin for the Second Period (expressed as a percentage) multiplied by the actual Gross Billed Revenues for the Second Period in US\$.

1.8 Any amount of Tranche 2 for each Founder not paid under clause 1.6 or 1.7 will be cancelled on the Second Payment Date. For the avoidance of doubt, the payments in clauses 1.5 to 1.7 are alternatives and only one of these clauses will apply.

1.9 The following definitions apply to this clause 1:

- (a) **Current Company Revenue** means the combined Monthly Recurring Revenue of the four commercially active segments of Qustodio and its subsidiaries as of the date of the Unit Purchase Agreement (i.e., family, consumer, parental control, schools, Migiri, and partners).
- (b) **Deferred Consideration Company Revenue** means the Current Company Revenue minus Monthly Recurring Revenues generated from the schools segment for the purpose of calculating the payments in accordance with this Schedule 4.
- (c) **Deferred Consideration Entitlement** means the US\$ value of the Deferred Consideration allocated to each of the Founders.
- (d) **Grossed Bill Revenue** means gross billed revenue, inclusive of invoices and credit notes issued, and expressed on a gross basis (meaning adding the commission charged by partners such as Apple Store or Google Play).
- (e) **Monthly Recurring Revenue** means, for each calendar month, such month's Gross Billed Revenue expressed on an accrual basis instead of a cash basis. This is done by apportioning the Gross Billed Revenue over the length of the subscription. Monthly Recurring Revenue shall be calculated in accordance with the standard reporting practice, meaning what a professional reporting platform such as ChartMogul would do.

2 DEFERRED CONSIDERATION SHARES

2.1 Annual Payments

- (a) Any Deferred Consideration Entitlement payable under clause 1 will be satisfied by the issue of such number of Shares calculated in accordance with the following formula:

$$\text{Shares} = \frac{(DCE - WR)}{\text{Share Price}}$$

Where:

Shares = means the number of Shares rounded up to the nearest whole number.

DCE = means the relevant amount of the Deferred Consideration Entitlement expressed in US\$ that is payable in accordance with clause 1 on either the First Payment Date or Second Payment Date (as applicable).

WR = the dollar amount of any successful warranty and indemnity claims in accordance with the Unit Purchase Agreement that have not already been settled.

Share Price = the 30 Trading Day VWAP of Shares immediately prior to the relevant Payment Date (converted into US\$), subject to a maximum share price of US\$0.429 and a minimum share price of US\$0.305.

2.2 Acceleration Event

- (a) Following the occurrence of an Acceleration Event, the relevant Founder will be issued such number of Shares calculated in accordance with the following:

$$\text{Shares} = \frac{\text{Unpaid Amount}}{\text{Share Price}}$$

Where:

Shares = means the number of Shares rounded up to the nearest whole number.

Unpaid Amount = the unpaid Deferred Consideration Entitlement expressed in US\$.

Share Price = the 30 Trading Day VWAP of Shares immediately prior to the Acceleration Event (converted into US\$), subject to a maximum share price of US\$0.429 and a minimum share price of US\$0.305.

Each of the following will constitute an **Acceleration Event**:

- (a) if the relevant Founder is employed by Qustodio, a Change of Control of the Company. Change of Control means:
- (i) a court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a

corporate restructure (including change of domicile, consolidation, sub-division, reduction or return of the issued capital of the Company)); or

- (ii) a takeover bid:
 - (A) is announced;
 - (B) has become unconditional; and
 - (C) the person making the takeover bid has a relevant interest in 50% or more of the Shares;
 - (iii) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, of all or substantially all the assets of the Family Zone Group taken as a whole or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of Family Zone (including but not limited to Qustodio) if substantially all of the assets of the Family Zone Group taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of Family Zone;
 - (iv) the acquisition by a third party (or third parties) of the majority of the shares or voting securities of Family Zone in a transaction or series of related transactions.
- (b) if the relevant Founder is employed by Qustodio, the Company breaches the earn out protections in the Unit Purchase Agreement and does not remedy that breach within 14 days of receiving written notification of the breach from Qustodio;
 - (c) if the relevant Founder is employed by Qustodio, Qustodio having achieved 10,000 Active Parent Accounts Linked with School Clients at any point in time during First Period;
 - (d) if the relevant Founder is employed by Qustodio, Qustodio having achieved 40,000 Active Parent Accounts Linked with School Clients at any point in time during First Period or Second Period;
 - (e) the relevant Founder is subject to a Termination Without Cause. Termination Without Cause means termination of an employment agreement by Qustodio Technologies SLU for reason other than (i) a fraud (*dolo*) or embezzlement conviction, (ii) material breach of fiduciary duty in connection with his duties in accordance with his respective employment agreement as confirmed by final sentence of a court with jurisdiction, (iii) conviction of a felony carrying a minimum penalty of at least one year's imprisonment;
 - (f) if the relevant Founder suffers permanent disability or dies, in the case of death (other than by reason of imposition of the death penalty by a court of competent jurisdiction), the Deferred Consideration Shares shall be issued to the relevant Founder's heirs; or
 - (g) if the relevant Founder is employed by Qustodio and the Second Target Monthly Recurring Revenue is satisfied.

3 RIGHTS OF PARTICIPATION

3.1 New issues

- (a) A right to receive the Deferred Consideration Shares (**Deferred Consideration Right**) does not confer on a Founder any participation or entitlement right inherent in holding Shares or other securities in Family Zone.

- (b) A Founder will not be entitled to participate in any new issue of Shares or other securities in Family Zone to shareholders unless and to the extent that the Founder has been issued Deferred Consideration Shares before the record date for determining entitlements to the new issue of Shares or securities and participate as a result of holding Shares.

3.2 **Bonus or pro rata issues**

If Family Zone makes a bonus issue or pro rata issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) after the grant of the Deferred Consideration Rights, but before the Second Payment Date, then the number of Deferred Consideration Shares to be issued will be adjusted in accordance with the Listing Rules.

4 **REORGANISATIONS**

- 4.1 If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of Family Zone (**Reorganisation**), then:
- (a) the number of Deferred Consideration Shares to which the Founder is entitled will be adjusted in accordance with the Listing Rules applicable at the date of the Reorganisation;
 - (b) any calculations or adjustments which are required to be made will be made by the board of Family Zone and will, in the absence of manifest error, be final and conclusive and binding on Family Zone and the Founder; and
 - (c) Family Zone must, within a reasonable period, give to the Founder notice of any change to the number of Deferred Consideration Shares for which the Founder is entitled to and other changes to the Deferred Consideration Rights as required by the Listing Rules.

5 **VOTING**

A Deferred Consideration Right does not confer on the Founder any right to vote on any resolution proposed at a general meeting of Family Zone.

6 **DIVIDENDS**

A Deferred Consideration Right does not confer on the Founder any right to receive a dividend by Family Zone, whether fixed or at the discretion of the directors of Family Zone.

7 **RETURN OF CAPITAL AND WINDING-UP**

- 7.1 A Deferred Consideration Right does not confer on the Founder any right to:
- (a) a return of capital by Family Zone, whether on winding-up of Family Zone, a reduction of capital or otherwise; or

- (b) participate in the surplus profits or assets of Family Zone on winding-up of Family Zone.

8 TRANSFERABILITY

A Deferred Consideration Right is not transferable.

9 QUOTATION

Family Zone will not apply for quotation of the Deferred Consideration Rights on any stock exchange of licensed financial securities market, such as the ASX.

Schedule 5

Summary of Kibo Convertible Note

Convertible Note Agreement		
1.	Subscription	Kibo Ventures Continuation Fund I, a compartment of Kibo Ventures S.C.A. SICAV-RAIF agrees to subscribe for, and the Company agrees to issue, up to 4,162 Convertible Notes each with a face value of US\$1,000.
2.	Subscription Amount	The obligation of Kibo to pay up to US\$4,162,000 (being the aggregate of the Face Value of the Convertible Notes) will be offset in full against the same amount payable by the Company to Kibo for the purchase of its units under the Unit Purchase Agreement.
3.	Conditions Precedent	Completion of the issue of the Convertible Notes is subject to and conditional on the satisfaction or waiver of all of the conditions precedent under the Unit Purchase Agreement.
4.	Completion	Completion of the issue of the Convertible Notes will occur on Completion.
Convertible Note Key Terms and Conditions		
1.	Face Value	Each Convertible Note has a face value of US\$1,000.
2.	Conversion Price	US\$0.429 per Share.
3.	Interest	8.0% per annum (accruing daily) capitalised at the earlier of conversion, redemption or termination. Accrued interest which is payable will be paid in cash in immediately available funds to the bank account nominated by Kibo quarterly in arrears.
4.	Maturity Date	Eighteen (18) months from the date of issue (Issue Date) of the Convertible Notes (Maturity Date).
5.	Conversion	(a) At any time during the period beginning on the date which is after the Issue Date and concluding on the Maturity Date, Kibo may elect to convert all or some of the Convertible Notes by delivering a conversion notice (Conversion Notice) to the Company which must specify the number of Convertible Notes to be converted, which must be either: (i) for all Convertible Notes; or (ii) for such number of Convertible Notes which is for an amount equal to or greater than US\$500,000, (Conversion Amount). (b) The relevant Convertible Notes the subject of the Conversion Notice will be converted into such number of Shares as is determined by dividing the Conversion Amount by the Conversion Price (provided that if the resultant number contains a fraction, such number shall be rounded up to the next highest whole number).

		(c) If at any time prior to the Maturity Date, a change of control occurs, the Company may elect to convert all the Convertible Notes then outstanding into such number of Shares as is determined by dividing the Outstanding Total Amount by the Conversion Price by delivering a notice advising of conversion to Kibo (Change of Control Notice). (d) Kibo may, within 5 business days from receipt of the Change of Control Notice, by written notice to the Company elect to be repaid the Outstanding Total Amount and any accrued Interest, and conversion of all the Convertible Notes then outstanding shall not occur. (e) Outstanding Total Amount means the total of the Face Value of all of the Convertible Notes less all Conversion Amounts which have been converted.
6.	Redemption and Repayment	(a) At anytime during the period beginning on the date which is after the Issue Date and concluding on the Maturity Date, the Company may redeem all the Convertible Notes that have not been converted or such number of Convertible Notes that have not been converted which is for an amount equal to or greater than US\$500,000 (Redemption Amount) by giving Kibo 30 days written notice (Redemption Notice) and paying the Outstanding Total Amount and any accrued Interest to Kibo. (b) Kibo may, within 5 business days from receipt of the Redemption Notice, by written notice to the Company elect to convert all the Convertible Notes the subject of the Redemption Notice into such number of Shares as is determined by dividing the Redemption Amount by the Conversion Price. (c) Unless fully converted or redeemed by the Company, the Company must redeem all Convertible Notes by repaying the Outstanding Total Amount and any accrued but unpaid interest on the Termination Date. (d) Termination Date means the earlier to occur of: (i) the Maturity Date; and (ii) the date that is 20 business days following receipt by the Company of a notice from Kibo which makes a declaration in accordance with Item 7(b) below.
7.	Reconstruction	If, after the Issue Date and prior to conversion, there occurs any reconstruction, the entitlement of Kibo to convert their Convertible Notes must be reconstructed in the same proportion and in the same manner as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on Kibo which are not conferred on Shareholders and does not prejudice Kibo and in accordance with the Listing Rules.
8.	Security and Ranking	The Convertible Notes are unsecured and will rank equally in all respects with all other unsecured liabilities of the Company.
9.	Transfer	The Convertible Notes may only be transferred with the Company's prior

		written consent, except that Kibo may transfer the Convertible Notes in whole without the Company's prior written consent to any Kibo related party.
10.	Events of Default	(a) Events of Default under the Convertible Note include: (i) the Company fails to make any payment due in accordance with the Convertible Note Conditions; (ii) the Company makes default in duly performing or observing any of the undertakings, covenants or agreements on its part contained in the note conditions and such default, if capable of remedy, is not remedied for a period of 10 business days after notice from Kibo requiring such default to be remedied; (iii) the Company suffers an insolvency event; (iv) any representation or statement made or deemed to be made by the Company in the Kibo Convertible Note Agreement is or proves to have been incorrect or misleading in any material respect; (v) any financial indebtedness of the Company is not paid when due nor within any originally applicable grace period, any financial indebtedness of the Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default, any commitment for any financial indebtedness of the Company is cancelled or suspended by a creditor of the Company as a result of an event of default or any creditor of the Company becomes entitled to declare any financial indebtedness of the Company due and payable prior to its specified maturity as a result of an event of default; (vi) any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Company having an aggregate value of A\$100,000 and is not discharged within 10 business days; (vii) the Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business; or (viii) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened, or any judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Convertible Notes or the transactions contemplated in the Kibo Convertible Note Agreement or against the Company or its assets which have, or has, or are, or is, reasonably likely to have a material adverse effect. (b) On the occurrence of an Event of Default, Kibo may by written notice to the Company declare all of the Convertible Notes due

		and payable and demand the payment of the Outstanding Total Amount.
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Schedule 6

Summary of W8 Convertible Note

Convertible Note Agreement		
1.	Subscription	W8 Ventures LLC agrees to subscribe for, and the Company agrees to issue, up to 3,328 Convertible Notes each with a face value of US\$1,000.
2.	Subscription Amount	The obligation of W8 to pay up to US\$3,328,000 (being the aggregate of the Face Value of the Convertible Notes) will be offset in full against the same amount payable by the Company to W8 for the purchase of its units under the Unit Purchase Agreement.
3.	Conditions Precedent	Completion of the issue of the Convertible Notes is subject to and conditional on the satisfaction or waiver of all of the conditions precedent under the Unit Purchase Agreement.
4.	Completion	Completion of the issue of the Convertible Notes will occur on Completion.
Convertible Note Key Terms and Conditions		
1.	Face Value	Each Convertible Note has a face value of US\$1,000.
2.	Conversion Price	US\$0.429 per Share.
3.	Interest	10.0% per annum (accruing daily) capitalised at the earlier of conversion, redemption or termination. The accrued interest which is payable will be paid as follows: (a) 60% paid in cash in immediately available funds to the bank account nominated by W8; and (b) 40% converted into such number of Shares as is determined by the amount of accrued interest payable divided by the Interest Conversion Price, quarterly in arrears on the relevant Interest Payment Date. Interest Conversion Price means the 30 Trading Day VWAP of Shares immediately prior to the relevant Interest Payment Date (converted to US\$ at the US\$:A\$ exchange rate published on Bloomberg at 12:00pm (Perth time) on the Interest Payment Date), subject to a floor price of US\$0.305. Interest Payment Date means the last day of March, June, September and December in each calendar year.
4.	Maturity Date	Twenty four (24) months from the date of issue (Issue Date) of the Convertible Notes (Maturity Date).
5.	Conversion	(a) At any time during the period beginning on the date which is after the Issue Date and concluding on the Maturity Date, W8 may elect to convert all or some of the Convertible Notes by delivering a conversion notice (Conversion Notice) to the

		Company which must specify the number of Convertible Notes to be converted, which must be either: (i) for all Convertible Notes; or (ii) for such number of Convertible Notes which is for an amount equal to or greater than US\$500,000, (Conversion Amount). (b) The relevant Convertible Notes the subject of the Conversion Notice will be converted into such number of Shares as is determined by dividing the Conversion Amount by the Conversion Price (provided that if the resultant number contains a fraction, such number shall be rounded up to the next highest whole number). (c) If at any time prior to the Maturity Date, a change of control occurs, the Company may elect to convert all the Convertible Notes then outstanding into such number of Shares as is determined by dividing the Outstanding Total Amount by the Conversion Price by delivering a notice advising of conversion to W8 (Change of Control Notice). (d) W8 may, within 5 business days from receipt of the Change of Control Notice, by written notice to the Company elect to be repaid the Outstanding Total Amount and any accrued Interest, and conversion of all the Convertible Notes then outstanding shall not occur. (e) Outstanding Total Amount means the total of the Face Value of all of the Convertible Notes less all Conversion Amounts which have been converted.
6.	Redemption and Repayment	(a) At anytime during the period beginning on the date which is after the Issue Date and concluding on the Maturity Date, the Company may redeem all the Convertible Notes that have not been converted or such number of Convertible Notes that have not been converted which is for an amount equal to or greater than US\$500,000 (Redemption Amount) by giving W8 30 days written notice (Redemption Notice) and paying the Outstanding Total Amount and any accrued Interest to W8. (b) W8 may, within 5 business days from receipt of the Redemption Notice, by written notice to the Company elect to convert all the Convertible Notes the subject of the Redemption Notice into such number of Shares as is determined by dividing the Redemption Amount by the Conversion Price. (c) Unless fully converted or redeemed by the Company, the Company must redeem all Convertible Notes by repaying the Outstanding Total Amount and any accrued but unpaid interest on the Termination Date. (d) Termination Date means the earlier to occur of: (i) the Maturity Date; and

		(ii) the date that is 20 business days following receipt by the Company of a notice from W8 which makes a declaration in accordance with Item 7(b) below.
7.	Reconstruction	If, after the Issue Date and prior to conversion, there occurs any reconstruction, the entitlement of W8 to convert their Convertible Notes must be reconstructed in the same proportion and in the same manner as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on W8 which are not conferred on Shareholders and does not prejudice W8 and in accordance with the Listing Rules.
8.	Security and Ranking	The Convertible Notes are unsecured and will rank equally in all respects with all other unsecured liabilities of the Company.
9.	Transfer	The Convertible Notes may only be transferred with the Company's prior written consent.
10.	Events of Default	(a) Events of Default under the Convertible Note include: (i) the Company fails to make any payment due in accordance with the Convertible Note Conditions; (ii) the Company makes default in duly performing or observing any of the undertakings, covenants or agreements on its part contained in the note conditions and such default, if capable of remedy, is not remedied for a period of 10 business days after notice from W8 requiring such default to be remedied; (iii) the Company suffers an insolvency event; (iv) any representation or statement made or deemed to be made by the Company in the W8 Convertible Note Agreement is or proves to have been incorrect or misleading in any material respect; (v) any financial indebtedness of the Company is not paid when due nor within any originally applicable grace period, any financial indebtedness of the Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default, any commitment for any financial indebtedness of the Company is cancelled or suspended by a creditor of the Company as a result of an event of default or any creditor of the Company becomes entitled to declare any financial indebtedness of the Company due and payable prior to its specified maturity as a result of an event of default; (vi) any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Company having an aggregate value of A\$100,000 and is not discharged within 10 business days; (vii) the Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a

		material part of its business; or (viii) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened, or any judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Convertible Notes or the transactions contemplated in the W8 Convertible Note Agreement or against the Company or its assets which have, or has, or are, or is, reasonably likely to have a material adverse effect. (b) On the occurrence of an Event of Default, W8 may by written notice to the Company declare all of the Convertible Notes due and payable and demand the payment of the Outstanding Total Amount.
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Schedule 7

Terms of ASX Waiver

ASX Limited (**ASX**) grants to Family Zone Cyber Security Limited (**Company**) a waiver from listing rule 7.3.4 to the extent necessary to permit the Company to, in its notice of meeting (**Notice**) seeking shareholder approval for the issue of up to 85,284,332 deferred consideration shares to be issued upon the achievement of various milestones pursuant to an agreement between the Company and the vendors of Qustodio LLC (the **Vendors**) in connection with the acquisition of the entire issued share capital of Qustodio LLC (**Proposed Acquisition**) (**Deferred Consideration Shares**), up to 1,360,110 shares to be issued to W8 Ventures LLC, pursuant to an agreement to issue up to US\$8.82million of convertible notes (**Convertible Notes**) in connection with the Proposed Acquisition (the **Agreement**) in satisfaction of the interest payable under the terms of the Agreement (**Interest Shares**) and up to 2,990,693 shares to Evolium Management S.I in connection with the Proposed Acquisition (**Evolium Shares**), not to state that such Deferred Consideration Shares, Interest Shares and Evolium Shares will be issued within three months of the date of the shareholder meeting, on the following conditions:

- (a) The Deferred Consideration Shares are to be issued immediately upon satisfaction of each of the relevant milestones and in any event no later than 24 months from the date of completion of the agreement between the Company and the Vendors.
- (b) The Interest Shares are to be issued immediately upon them becoming due and in any event no later than 24 months from the issue of the Convertible Notes by the Company to the Vendors.
- (c) The Evolium Shares are to be issued immediately upon them becoming due, being either 8 months or 16 months from completion of the agreement between the Company and the Vendors.
- (d) The milestones attached to the Deferred Consideration Shares and the terms attached to the Interest Shares and the Evolium Shares must not be varied.
- (e) Adequate details regarding the dilutionary effect of the Deferred Consideration Shares, the Interest Shares and Evolium Shares on the Company's capital structure be included in the Company's notice of meeting.
- (f) For any annual reporting period during which any of the Deferred Consideration Shares, the Interest Shares and Evolium Shares have been issued or any of them remain to be issued, the Company's annual report sets out the number of Deferred Consideration Shares, the Interest Shares and Evolium Shares issued in that annual reporting period, the number of Deferred Consideration Shares, the Interest Shares and Evolium Shares that remain to be issued and the basis on which the Deferred Consideration Shares the Interest Shares and Evolium Shares may be issued.
- (g) In any half year or quarterly report for a period during which any of the Deferred Consideration Shares, the Interest Shares and Evolium Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Deferred Consideration Shares, the Interest Shares and Evolium Shares issued during the reporting period, the number of Deferred Consideration Shares, the Interest Shares and Evolium Shares that remain to be issued and the basis on which the Deferred Consideration Shares may be issued.
- (h) The Company's notice of meeting contains the full terms and conditions of agreement pursuant to which the Deferred Consideration Shares, the Interest Shares and Evolium Shares are to be issued as well as the conditions of this waiver.

Schedule 8

Terms and Conditions of Options

The terms and conditions of the Options are outlined below.

1. Entitlement

Each Options entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price and Expiry Date

Option	Exercise Price	Expiry Date
Northcity Options	\$0.60	31 January 2026
Additional Northcity Options	\$0.60	31 January 2026

3. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date.

4. Notice of Exercise

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

5. Shares issued on exercise

Shares issued on exercise of the Options will rank equally with the then shares of the Company.

6. Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

7. Timing of issue of Shares

After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- a) issue the Share; and
- b) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

8. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give holders of the Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- b) no change will be made to the Exercise Price.

10. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.

11. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

12. Options not quoted

The Company will not apply to ASX for quotation of the Options.

13. Options not transferable

The Options are not transferable.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.



Family Zone Cyber Safety Limited | ACN 167 509 177

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **9.00am (AWST) on Wednesday, 22 June 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.



Return your completed form

BY MAIL

Automatic
GPO Box 5193
Sydney NSW 2001

IN PERSON

Automatic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL

meetings@automicgroup.com.au

BY FACSIMILE

+61 2 8583 3040

All enquiries to Automic

WEBCCHAT

<https://automic.com.au/>

PHONE

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the General Meeting of Family Zone Cyber Safety Limited, to be held at 9.00 am (AWST) on Friday, 24 June 2022 at Level 9, Mia Yellagonga Tower 2, 5 Spring Street, Perth, Western Australia hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

[illegible]

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the “for,” “against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.

STEP 2: Your Voting Direction

Resolutions		For	Against	Abstain	Resolutions		For	Against	Abstain
1.	Ratification of Tranche 1 Shares	☐	☐	☐	7.	Approval to issue Deferred Consideration Shares	☐	☐	☐
2.	Approval to issue Tranche 2 Shares	☐	☐	☐	8.	Approval to issue Convertible Notes	☐	☐	☐
3.	Director Participation in Placement – Tim Levy	☐	☐	☐	9.	Ratification of Cipafilter Shares	☐	☐	☐
4.	Director Participation in Placement – Peter Pawlowitsch	☐	☐	☐	10.	Ratification of Northcity Options	☐	☐	☐
5.	Director Participation in Placement – Crispin Swan	☐	☐	☐	11.	Approval to Additional Northcity Options	☐	☐	☐
6.	Approval to issue Consideration Shares	☐	☐	☐					

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

--	--

Securituholder 2

Securituholder 3

--	--

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name:

[illegible]

Email Address:

[illegible]

Contact Daytime Telephone

[illegible]

Date (DD/MM/YY)

		/			/		
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By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).