
Family Zone Cyber Safety Limited

ACN 167 509 177

NOTICE OF ANNUAL GENERAL MEETING

**The annual general meeting of the Company will be held at the Hay Room,
38 Station Street, Subiaco, Western Australia on Friday, 19 November 2021
at 2.00pm (WST)**

This Notice of Meeting 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 on +61 8 9322 7600.

Family Zone Cyber Safety Limited

ACN 167 509 177

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Family Zone Cyber Safety Limited (**Company**) will be held at 38 Station Street, Subiaco, Western Australia on Friday, 19 November 2021 at 2.00pm (WST) (**Meeting**).

The Explanatory Memorandum to this Notice 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, 17 November 2021 at 4.00 pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 7.

AGENDA

Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2021, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 – Adoption of Remuneration Report

To consider, and if thought fit, to pass with or without amendment, the following resolution as a non-binding resolution:

“That, for the purposes of section 250R of the Corporations Act and for all other purposes, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (c) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or

- (d) the person is the Chair voting an undirected proxy which expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Re-election of Mr Peter Pawlowitsch as a Director

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

"That Mr Peter Pawlowitsch, who retires by rotation in accordance with Article 6.3(c) of the Constitution, and being eligible and offering himself for re-election, is re-elected as a Director."

3. Resolution 3 – Re-election of Mr Crispin Swan as a Director

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

"That Mr Crispin Swan, who retires by rotation in accordance with Article 6.3(c) of the Constitution, and being eligible and offering himself for re-election, is re-elected as a Director."

4. Resolution 4 – Ratification of prior issue of Prior Placement Shares under Listing Rule 7.1 capacity

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue using the Company's capacity under Listing Rule 7.1 of 85,491,102 Prior Placement Shares to the Prior Placement Participants each at an issue price of \$0.55 pursuant to the Smoothwall Acquisition on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Prior Placement Participants or any associates of those persons.

However, this does not apply to a vote cast in favour of this 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 in that way; or
- (b) the Chair 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 Chair to vote on the Resolution as the Chair 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 – Ratification of prior issue of Prior Placement Shares under Listing Rule 7.1A capacity

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue using the Company's capacity under Listing Rule 7.1A of 43,645,711 Prior Placement Shares to the Prior Placement Participants each at an issue price of \$0.55 pursuant to the Smoothwall Acquisition on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Prior Placement Participants or any associates of those persons.

However, this does not apply to a vote cast in favour of this 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 in that way; or
- (b) the Chair 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 Chair to vote on the Resolution as the Chair 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 grant Director Options to Mr Tim Levy

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

"That, for the purposes of Chapter 2E, section 208 of the Corporations Act and Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 1,000,000 Director Options to Mr Tim Levy (or his nominees) under the 2020 Family Zone Employee Securities Incentive Plan on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director who is eligible to participate in the 2020 Family Zone Employee Securities Incentive Plan (being all Directors of the Company, Tim Levy, Crispin Swan, Peter Pawlowitsch, Matthew Stepka and Phil Warren) and their nominees or any associates of those persons.

However, the Company will not disregard a vote cast in favour of this 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 in that way; or

- (b) the Chair 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 Chair to vote on the Resolution as the Chair 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 grant Director Options to Mr Crispin Swan

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

"That, for the purposes of Chapter 2E, section 208 of the Corporations Act and Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 1,000,000 Director Options to Mr Crispin Swan (or his nominees) under the 2020 Family Zone Employee Securities Incentive Plan on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director who is eligible to participate in the 2020 Family Zone Employee Securities Incentive Plan (being all Directors of the Company, Tim Levy, Crispin Swan, Peter Pawlowitsch, Matthew Stepka and Phil Warren) and their nominees or any associates of those persons.

However, the Company will not disregard a vote cast in favour of this 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 in that way; or
- (b) the Chair 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 Chair to vote on the Resolution as the Chair 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 for 2020 Family Zone Employee Securities Incentive Plan

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

"That, for the purposes of Listing Rule 7.2 Exception 13(b) and for all other purposes, approval is given for the "2020 Family Zone Employee Securities Incentive Plan" on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is eligible to participate in the 2020 Family Zone Employee Securities Incentive Plan and their nominees or any associates of those persons.

However, this does not apply to a vote cast in favour of this 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 in that way; or
- (b) the Chair 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 Chair to vote on the Resolution as the Chair 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 12 October 2021

BY ORDER OF THE BOARD



Tim Levy
Managing Director

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 to be held at 38 Station Street, Subiaco, Western Australia on Friday, 19 November 2021 at 2.00 pm (WST).

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

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

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the 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. Lodgment of a 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, but where the proportion or number is not specified, each proxy may exercise half of the votes.

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

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 1, 6, 7 and 8 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel of the Company; or
 - (ii) a Closely Related Party of such a member, and

- (b) the appointment does not specify the way the proxy is to vote on the Resolutions.

However, the prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair of the Meeting to exercise the proxy even if Resolutions 1, 6, 7 and 8 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the Annual Report can be found on the Company's website www.familyzone.com/anz/investor-centre or by contacting the Company on (08) 9322 7600.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report;
- (b) ask questions about, or make comment on, the management of the Company;
- (c) ask questions about, or make comment on, the Remuneration Report;
- (d) ask the auditor questions about:
 - (i) the conduct of the audit;
 - (ii) the preparation and content of the Auditor's Report;
 - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (e) the content of the Auditor's Report; and
- (f) the conduct of the audit of the Financial Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

Section 250R(3) of the Corporations Act provides that this Resolution is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass this Resolution will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, under sections 250U and 250Y of the Corporations Act, Shareholders have the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

At the Company's last annual general meeting, the Remuneration Report was approved by over 75% of Shareholders present and voting. In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that all Directors (other than the Managing Director) may be up for re-election.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chair of the Meeting intends to exercise all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

5. Resolution 2 – Re-election of Mr Peter Pawlowitsch as a Director

5.1 General

Article 6.3(c) of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors (rounded downwards to the nearest whole number), must retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who have been Directors for the same period of time, those to retire shall be determined by lot (unless they agree otherwise).

A Director who retires by rotation under Article 6.3(c) of the Constitution is eligible for re-election.

Mr Peter Pawlowitsch, being a Director longest in office since his last election, retires by rotation at this Meeting and, being eligible, seeks re-election.

Resolution 2 seeks Shareholder approval for the election of Mr Peter Pawlowitsch as a Director.

The Board (excluding Mr Pawlowitsch) recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

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

5.2 Profile of Director

Mr Pawlowitsch is an experienced ASX company director. Mr Pawlowitsch specialises in technology businesses and the transition from startup to sustainability. Mr Pawlowitsch holds a Bachelor of Commerce from the University of Western Australia, is a current member of CPA Australia, a Fellow of Governance Institute of Australia and also holds a Masters of Business Administration from Curtin University. These qualifications have underpinned more than 15 years' experience in the accounting profession and more recently in business management and the evaluation of businesses and projects.

Mr Pawlowitsch is currently an executive director of Dubber Corporation Limited, non-executive chairman of Novatti Group Ltd and a non-executive director of VRX Silica Ltd and Knosys Limited.

6. Resolution 3 – Re-election of Mr Crispin Swan as a Director

6.1 General

Mr Crispin Swan, being a Director longest in office since his last election, retires by rotation at this Meeting and being eligible seeks re-election in accordance with Article 6.3(c) of the Constitution.

A summary of Article 6.3(c) of the Constitution is set out in Section 5.1 above.

Resolution 3 seeks Shareholder approval for the election of Mr Crispin Swan as a Director.

The Board (excluding Mr Swan) recommends that Shareholders vote in favour of Resolution 3.

Resolution 3 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 3.

6.2 Profile of Director

Crispin Swan is an experienced sales executive and general manager working across a range of global enterprises. His expertise is in international business development, executive and IT & T sales. Mr Swan's former roles have included:

- Vice President Sales Asia Pacific, Mavenir Systems
- Regional Sales Director and General Manager, Airwide Solutions
- Network Infrastructure Solutions IS Manager for Australia & Papua New Guinea, Schlumberger
- Sales Manager, Sema
- Account Manager, Cisco Systems
- Account Manager, Alcatel-Lucent and
- Sales Executive, Cable & Wireless Communications

7. Resolutions 4 and 5 – Ratification of prior issue of Prior Placement Shares

7.1 General

The Company recently completed its acquisition of Smoothwall, the United Kingdom's leading provider of K-12 digital safety solutions for total cash consideration of £151 million (**Smoothwall Acquisition**).

Details of the Smoothwall Acquisition are set out in the Company's announcements to the market on 6 August 2021 and 17 August 2021.

The Smoothwall Acquisition was funded by a fully underwritten, two-part capital raise comprising an institutional placement to the Prior Placement Participants (**Prior Placement**) and a pro-rata accelerated non-renounceable entitlement offer (consisting of an institutional component and a retail component) (**Entitlement Offer**) which together raised a total of approximately A \$146.4 million (before costs).

Shaw and Partners Limited and Euroz Hartleys Limited acted as joint lead managers and underwriters to the capital raise with Argonaut Limited as co-manager. The Company paid the underwriters an underwriting fee of 1.5% and a selling and management fee of 3% of the full amount underwritten, being approximately \$6.6 million.

The Company completed the Prior Placement by issuing a total of 129,136,813 Shares to the Prior Placement Participants each at a price of \$0.55 which raised approximately \$71 million (**Prior Placement Shares**) using its annual limit permitted under Listing Rules 7.1 and its additional 10% annual limit approved by Shareholders under Listing Rule 7.1A at the Company's 2020 Annual General Meeting, without the need for Shareholder approval.

The issue of the Prior Placement Shares included approximately 20,550,000 Shares pursuant to a "supersize" waiver of Listing Rule 7.1 granted by the ASX which permitted the Company to calculate the number of ordinary shares which it may issue without Shareholder approval pursuant to the Prior Placement on the basis that variable "A" of the formula in Listing Rule 7.1 was deemed to include the number of Shares the Company issued under the underwritten component of the Entitlement Offer.

7.2 Listing Rules 7.1 and 7.1A

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of its issued share capital through Prior Placements over a 12 month period after the annual general meeting at which shareholders approve the 10% Prior Placement facility. The 10% Prior Placement facility is in addition to the Company's 15% Prior Placement capacity under Listing Rule 7.1.

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 (pursuant to Listing Rule 7.1 or the additional 10% capacity under Listing Rule 7.1A). If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's 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 in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Accordingly, Resolution 4 seeks Shareholder ratification of the issue of 84,491,102 Placement Shares which were issued pursuant to the Company's 15% capacity under Listing Rule 7.1 under and for the purposes of Listing Rule 7.4. Resolution 5 seeks Shareholder ratification of the issue of 43,645,711 Prior Placement Shares which were issued pursuant to the Company's additional 10% capacity under Listing Rule 7.1A under and for the purposes of Listing Rule 7.4.

If Resolutions 4 and 5 are passed, the issue of the Prior Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 and additional 10% Prior Placement capacity under Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Prior Placement Shares or during the balance of the 12 months from the date of the Company's 2020 Annual General Meeting (as applicable).

If Resolutions 4 and 5 are not passed, the issue of the Prior Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1 and additional 10% Prior Placement capacity under Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Prior Placement

Shares or during the balance of the 12 months from the date of the Company's 2020 Annual General Meeting (as applicable).

Resolutions 4 and 5 are ordinary resolutions.

7.3 Information required by Listing Rule 7.5

The following information is provided for the purposes of Listing Rule 7.5 in respect of the Prior Placement Shares:

- (a) A total of 129,136,813 Shares were issued pursuant to the Prior Placement as follows:
 - (i) 85,491,102 Prior Placement Shares were issued pursuant to the Company's 15% capacity under Listing Rule 7.1. Ratification of the issue of these Shares is being sought pursuant to Resolution 4.
 - (ii) 43,645,102 Prior Placement Shares were issued pursuant to the Company's additional 10% capacity under Listing Rule 7.1A. Ratification of the issue of these Shares is being sought pursuant to Resolution 5.
- (b) The Prior Placement Shares were issued to various professional and sophisticated investors introduced by Shaw and Partners Limited, Euroz Hartleys Limited and Argonaut Limited.
- (c) None of the Prior Placement Participants are a related party of the Company, a member of the Company's key management personnel, an adviser to the Company, or any associates of those persons who received more than 1% of the Company's issued capital. Accordingly, none of the Prior Placement Participants are material investors for the purposes of ASX guidance note 21 paragraph 7.2.
- (d) The Prior Placement Shares 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 Prior Placement Shares were issued at \$0.55 each.
- (f) The issue of the Prior Placement Shares raised approximately \$71 million (before costs). All funds raised from the Prior Placement were used to fund a portion of the cash consideration paid by the Company for the Smoothwall Acquisition.
- (g) A voting exclusion statement is included in the Notice.

8. Resolutions 6 and 7 – Approval to grant Director Options to Mr Tim Levy and Mr Crispin Swan

8.1 General

The Company is proposing to grant Director Options under the 2020 Family Zone Employee Incentive Securities Plan as incentive-based remuneration to Mr Tim Levy, Managing Director, and Mr Crispin Swan, Executive Director.

Resolutions 6 seeks Shareholder approval to grant 1,000,000 Director Options to Mr Levy.

Resolutions 7 seeks Shareholder approval to grant 1,000,000 Director Options to Mr Swan.

The Director Options are zero-priced options expiring on 30 November 2024 vesting on 12 months of continuous service to the Company by the holder and otherwise granted on the terms and conditions set out in Schedule 1.

The Director Options will be issued to Mr Levy and Mr Swan for nil cash consideration as incentive based remuneration in connection with their role as executive directors of the Company. The Board considers the incentives represented by the grant of the Director Options is a cost effective and efficient way for the Company to appropriately incentivize and reward their performance and assist with retaining and motivating the Directors in their current roles, as opposed to alternative forms of incentive such as the payment of cash compensation.

Zero-priced options are a common form of incentive award in the Australian marketplace as they are tax-effective and provide the Company with flexibility to reward employees and directors by aligning their interests with those of Shareholders. The Board believes that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing management of the Company's operations. It is therefore important the Company is able to attract and retain people of the highest calibre, including at the Board level.

The Board believes that Mr Levy and Mr Swan, as Executive Directors, have been instrumental in the success of the Company in the past 12 months and accordingly, should be appropriately rewarded for such success. The Company's success over the past 12 months includes:

- (a) increases in the Company's operational results for the year ended 30 June 2021 including:
 - (i) operating revenue increasing 76.1% increase to \$8.96 million;
 - (ii) number of licensed students increasing 164% to 2.4 million;
 - (iii) scaled the Family Zone platforms to support in excess of 3 million users;
 - (iv) completed migration of the education stack from AWS to GCP;
 - (v) contracted schools increasing 127% to approximately 4,100 schools;
 - (vi) rolling out community programs to 40% of Australia and New Zealand school clients;
 - (vii) rolling out community programs to 12% of USA school clients;
 - (viii) launched B2B2C product offerings into the USA.
- (b) the Company's successful acquisition of complementary technologies and businesses including NetRef on 30 June 2021 and Smoothwall on 16 August 2021; and
- (c) increases in the Company's market capitalization from approximately \$57.6 million at 30 June 2020 to approximately \$234.8 million 30 June 2021 and a further increase in market capitalization to \$479.3 million at 30 September 2021.

8.2 Listing Rules 10.14

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) a director of the company;
- (b) an associate of a director of the company; or
- (c) a person whose relationship with the company or a person referred to in a Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Director Options to Mr Levy and Mr Swan falls within Listing Rule 10.14.1 and therefore requires Shareholder approval under Listing Rule 10.14. Accordingly, Resolutions 6 and 7 seek the required Shareholder approval to the issue of the Director Options to Mr Levy and Mr Swan for the purposes of Listing Rule 10.14.

If Resolutions 6 and 7 are passed, the Company will issue the Director Options to Mr Levy and Mr Swan following the Meeting.

If Resolutions 6 and 7 are not passed, the Company will not issue the Director Options to Mr Levy and Mr Swan and the Company will need to determine an alternative form of incentive for Mr Levy and Mr Swan, including providing equivalent cash incentives.

Resolutions 6 and 7 are each ordinary resolutions.

8.3 Chapter 2E of the Corporations Act

Pursuant to Chapter 2E, section 208 of the Corporations Act, for a public company (or an entity that the public company controls) to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Levy and Mr Swan are related parties of the Company by virtue of being Directors.

Accordingly, the proposed issue of the Director Options pursuant to Resolutions 6 and 7 constitutes the giving a financial benefit to related parties of the Company for the purposes of section 208 of the Corporations Act.

8.4 Information required by Listing Rule 10.15 and section 219 of the Corporations Act

The following information is provided for the purposes of Listing Rule 10.15 and section 219 of the Corporations Act:

- (a) The Director Options will be granted to Mr Tim Levy and Mr Crispin Swan or their respective nominees.
- (b) The Directors are each a related party of the Company falling within the category of Listing Rule 10.14.1 by virtue of being Directors.
- (c) The maximum number of Director Options the Company may issue under Resolutions 6 and 7 are:
 - (i) 1,000,000 Director Options to Mr Tim Levy (or his nominee/s) pursuant to Resolution 6; and
 - (ii) 1,000,000 Director Options to Mr Crispin Swan (or his nominee/s) pursuant to Resolution 7.
- (d) The key terms of the Director Options are as follows:
 - (i) The Director Options are zero priced options subject to the following vesting condition and expiry date:

(ii) An	Vesting Condition	Expiry Date
	12 months continued service of the holder as a director, consultant or employee of the Company from grant of the option.	30 November 2024

unexercised Director Option will lapse or be forfeited if the Participant ceases to be an Eligible Participant for the purposes of the 2020 Family Zone Employee Incentive Securities Plan, unless otherwise determined by the Board in its discretion.

- (iii) If a Change of Control Event occurs prior to the expiry of the Director Options, then the Director Options will automatically vest and become exercisable.
- (iv) Further terms and conditions of the Director Options are set out in Schedule 1.
- (e) Shares issued on exercise of the Director Options will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The Director Options may be granted no later than three years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (g) The Director Options will be granted for nil consideration as they are being issued as incentive based remuneration. Accordingly, no funds will be raised from the grant of the Director Options.
- (h) Mr Levy and Mr Swan each currently receive a base annual base salary of \$375,000 plus statutory superannuation. Other than as set out in this Notice, Mr Levy and Mr Swan do not receive any other emoluments except as incurred in the normal operation of the business.
- (i) The value attributed to each of the Director Options is \$0.68 per Option.

The Company has determined the value attributed to the Director Options (which have a non-market based vesting condition) using the Black & Scholes valuation methodology, in accordance with Australian Accounting Standards Board (AASB) accounting standard AASB 2 Share-based payment.

Key input assumptions to the Black & Scholes valuation include the Company's Share price on a deemed grant date of 30 September 2021, the zero exercise price, the term of the options, the expected volatility of the underlying Shares, the expected dividend yield and the risk-free interest rate for the term of the options. The non-market based vesting condition has not been taken into account in assessing the fair value of the Director Option and for the purposes of this valuation it is assumed all of the Director Options will vest to the holder.

Option pricing models, such as the Black & Scholes valuation methodology, assume that the exercise of options does not affect the value of the underlying asset. No discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares.

- (j) The following Securities have been previously issued under the 2020 Family Zone Employee Incentive Securities Plan to Mr Levy or Mr Swan.
 - (i) Mr Levy has previously been issued:
 - (A) 1,000,000 STI 2022 Performance Rights;
 - (B) 1,000,000 STI 2023 Performance Rights;

- (C) 1,500,000 LTI Performance Rights; and
- (D) 1,500,000 Options each exercisable at \$0.50 each on or before 30 June 2025 vesting in three tranches subject to separate vesting conditions.
- (ii) Mr Swan has previously been issued:
- (A) 1,000,000 STI 2022 Performance Rights;
- (B) 1,000,000 STI 2023 Performance Rights; and
- (C) 1,500,000 LTI Performance Rights.
- (k) Details of any Securities issued under the 2020 Family Zone Employee Incentive Securities Plan will be published in the annual report of the Company relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Incentive Plan after Resolutions 6 and 7 are approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (l) A voting exclusion statement is included in the Notice.
- (m) The current and proposed interests of Mr Levy and Mr Swan in the Company are set out in the table below. Other than as disclosed in the table, Mr Levy and Mr Swan do not currently have any other Security holding in the Company.

The table also shows dilution to Shareholders, other than Mr Levy and Mr Swan, as a result of the proposed issue of the Director Options.

Director	Existing Shares⁽¹⁾	Existing Options⁽¹⁾	Existing Performance Rights⁽¹⁾	Proposed Director Options	Dilution effect⁽²⁾ (Director Options)
Tim Levy	10,939,730	1,681,351 ⁽³⁾	6,849,207 ⁽⁴⁾	1,000,000	0.1% ⁽⁵⁾
Crispin Swan	4,163,245	197,838 ⁽⁶⁾	4,827,619 ⁽⁷⁾	1,000,000	0.1% ⁽⁸⁾

- (1) Held directly or indirectly by the Director.
- (2) Based on the Company's current issued capital of 704,818,736 as at 24 September 2021.
- (3) Comprising 181,351 Options each exercisable at \$0.18 expiring 18 March 2022 and 1,500,000 Options each exercisable at \$0.50 expiring 30 June 2025 vesting in three tranches subject to separate vesting conditions.
- (4) Comprising 977,778 Class G Performance Rights, 1,071,429 Remuneration Performance Rights, 300,000 Employee Performance Rights, 1,000,000 SP Performance Rights, 1,000,000 STI 2022 Performance Rights, 1,000,000 STI 2023 Performance Rights and 1,500,000 LTI Performance Rights.
- (5) Assumes all 1,000,000 Director Options are exercised by Mr Levy and no other Shares are issued or convertible Securities exercised or converted into Shares.
- (6) Comprising 181,351 Options each exercisable at \$0.18 expiring 18 March 2022.
- (7) Comprising 213,333 Class G Performance Rights, 814,286 Remuneration Performance Rights, 300,000 Employee Performance Rights, 1,000,000 STI 2022 Performance Rights, 1,000,000 STI 2023 Performance Rights and 1,500,000 LTI Performance Rights.

- (8) Assumes all 1,000,000 Director Options are exercised by Mr Swan and no other Shares are issued or convertible Securities exercised or converted into Shares
- (n) In determining the number and terms of the Director Options proposed to be granted (including the zero price), consideration was given to the relevant experience and role of each of Mr Levy and Mr Swan, their respective overall remuneration terms and the market price of the Company's Shares. The Board also believes that Mr Levy and Mr Swan, as Executive Directors, have been instrumental in the success of the Company in the past 12 months. Refer to Section 8.1 for details of the Company's success in the past 12 months.
- (o) The Board is not aware of any other information that Shareholders would reasonably require to allow them to make a decision whether it is in the best interests of the Company to vote in favour of Resolutions 6 and 7.
- (p) The Board (other than Mr Levy and Mr Swan who do not make a recommendation due to their interests in being granted the Director Options) recommends that Shareholders vote in favour of Resolutions 6 and 7.

9. Resolution 8 – Approval for 2020 Family Zone Employee Securities Incentive Plan

9.1 General

The Company has established the 2020 Family Zone Employee Incentive Securities Plan (**Plan**) pursuant to which the Company may issue Securities to eligible Directors, employees and consultants.

The Plan was approved by Shareholders at the Company's 2020 annual general meeting including approval of a maximum number of 49,745,270 Securities proposed to be issued under the Plan over the three year period following the Company's 2020 annual general meeting, which maximum number was then equivalent to 15% of the Company's share capital at that time.

Since the Plan was approved by Shareholders, the Company's market capitalization has increased by approximately 187% from approximately \$166 million in November 2020 to \$479 million on 30 September 2021, with the number of shares on issue increasing from approximately 378 million to approximately 705 million.

In addition, the Company has recently acquired complementary technologies and operating businesses NetRef on 30 June 2021 and Smoothwall on 16 August 2021, including acquiring new employees of those businesses. The Company intends to invite its new employees to participate in the Plan in order to motivate and retain its new employees and provide them with an incentive to deliver growth and value to all Shareholders.

Accordingly, Resolution 8 seeks fresh Shareholder approval for the Plan for the purposes of Listing Rule 7.2 Exception 13(b) including Shareholder approval for a maximum number of 105,737,008 Securities that the Company proposes to issue under the Plan over the three year period following the Meeting, being approximately 15% of the Company's current share capital.

Resolution 8 is an ordinary resolution.

9.2 Listing Rule 7.2 Exception 13

A summary of Listing Rule 7.1 is in Section 7.2.

Listing Rule 7.2, Exception 13(b) provides an exception to Listing Rule 7.1 by which equity securities issued under an employee incentive scheme are exempt for a period of three years from the date on which shareholders approve the issue of equity securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to issue Securities under the Plan to eligible participants over the three year period following the Meeting up to a maximum of 105,737,008 Securities without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

If Resolution 8 is not passed, the Company will still be able to issue Securities under the Plan however it will be limited to a maximum of 49,745,270 Securities over the three year period since its 2020 annual general meeting and any further issues under the Plan will impact on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

9.3 Information required under Listing Rule 7.2 Exception 13(b)

The following information is provided in respect of Resolution 8 for the purposes of Listing Rule 7.2 Exception 13(b).

(a) A summary of the rules of the Plan is set out in Schedule 2.

In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary.

(b) The following Securities have previously been issued under the Plan since the Plan was first adopted by Shareholders at the Company's 2020 annual general meeting:

- (i) 1,532,935 Shares;
- (ii) 738,569 Remuneration Performance Rights;
- (iii) 3,084,101 Employee Performance Rights;
- (iv) 250,000 Executive Performance Rights;
- (v) 7,110,000 STI 2022 Performance Rights;
- (vi) 3,850,000 STI 2023 Performance Rights;
- (vii) 4,500,000 LTI Performance Rights;
- (viii) 4,500,000 Director Options (\$0.50, 30 June 2025);
- (ix) 891,705 STI 2022 Employee Options (\$0.60, 30 June 2025);
- (x) 2,600,000 STI 2023 Employee Options (\$0.60, 30 June 2025); and
- (xi) 500,000 Options (\$0.55, 30 June 2025).

(c) The maximum number of Securities that the Company proposes to issue under the Plan over the three year period following the Meeting is 105,737,008 Securities, being approximately 15% of the Company's current share capital.

(d) A voting exclusion statement is included in the Notice.

(e) Prior Shareholder approval will be required under Listing Rule 10.14 before any Director or associate of a Director can participate in the Plan.

(f) Pursuant to the Listing Rules, Shareholders must re-approve the Plan and all unissued Securities issuable pursuant thereto every three years.

10. Definitions

£ means Pound Sterling.

A\$ or \$ means Australian Dollars.

2020 Family Zone Employee Incentive Securities Plan means the Company's employee securities incentive plan approved by Shareholders at the Company's annual general meeting held 19 November 2020, a summary of which is provided in Schedule 2.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2021.

ASIC means Australian Securities and Investments Commission.

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

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chair means the chair of this Meeting.

Closely Related Party has the meaning in section 9 of the Corporations Act.

Company means Family Zone Cyber Safety Limited ACN 167 509 177.

Constitution means the existing constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Options means a zero priced option granted on the terms and conditions set out in Schedule 1.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Entitlement Offer has the meaning given in Section 7.1.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

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

Notice means this notice of meeting.

Option means an option to acquire a Share.

Performance Right means a right to acquire a Share.

Plan means the 2020 Family Zone Employee Incentive Securities Plan.

Prior Placement has the meaning given in Section 7.1.

Prior Placement Participants means various professional and sophisticated investors introduced by Shaw and Partners Limited, Euroz Hartleys Limited and Argonaut Limited, none of whom are a related party of the Company.

Prior Placement Shares has the meaning given in Section 7.1.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Securities includes Shares, Options and Performance Rights.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Smoothwall Acquisition has the meaning given in Section 7.1.

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

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Australia.

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

Schedule 1 – Terms and Conditions of Director Options

The Director Options (each an **Option**) will be issued pursuant to the 2020 Family Zone Employee Incentive Securities Plan and on the following material terms and conditions.

1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon the exercise of each Option.

2. Exercise price

The exercise price of each Option is nil (**Exercise Price**).

3. Vesting and Expiry

The Options will vest on satisfaction of the following condition (**Vesting Condition**) and will expire at 5:00pm (AWST) on the following date (**Expiry Date**):

Vesting Condition	Expiry Date
12 months continued service of the holder as a director, consultant or employee of the Company from grant of the option.	30 November 2024

In addition, the Options will automatically vest on a Change of Control Event (as defined in the 2020 Family Zone Employee Incentive Securities Plan) occurring, to the satisfaction of the Board in its absolute discretion.

4. Lapse

- (a) If the Vesting Condition is not satisfied or otherwise waived by the Board, the Option will lapse, unless otherwise determined by the Board in its absolute discretion.
- (b) If the Option holder ceases to be a director, employee or consultant of the Company by reason of resignation or termination for cause then any unexercised Options will automatically lapse or be forfeited (as the case may be) immediately following termination of appointment/employment unless the Board determines otherwise. However, all Options will immediately vest and become exercisable in the following circumstances:
 - (i) death or total and permanent disablement;
 - (ii) redundancy;
 - (iii) retirement; or
 - (iv) termination by agreement.

5. Exercise period

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

6. Notice of exercise

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**). 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 by the Company.

7. Shares issued on exercise

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

8. Quotation of Shares on exercise

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

9. Timing of issue of Shares

After an Option is validly exercised, the Company must, within 15 Business days of receiving the Notice of Exercise, issue the Shares and do all such acts, matters and things to obtain the grant of official quotation of the Shares on ASX no later than 5 Business Days after issuing the Shares.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. However, the Company will give the holder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

11. 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 securities which must be issued on the exercise of an Option will be increased by the number of securities which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

12. Adjustment for rights 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.

13. Adjustments for reconstruction of capital

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

14. Quotation of Options

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

15. Options transferable

The Options are not transferable without prior approval of the Board.

16. Deferred Taxation

Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the Options (subject to the conditions in that Act).

Schedule 2 - Summary of Plan

Summary of the Plan and terms on which offers may be made:

17. Eligible Participant

"Eligible Participant" means a person who is a full-time or part-time employee, officer, or contractor of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for the participation of Directors and their associates in accordance with ASX Listing Rule 10.14.

18. Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

19. Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

20. Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

21. Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

22. Terms of Convertible Securities

Each "Convertible Security" represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

23. Vesting of Convertible Securities

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

24. Exercise of Convertible Securities and cashless exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

25. Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

26. Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may

in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

27. Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control.

28. Rights attaching to Plan Shares

All Shares issued or transferred under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (Plan Shares) will rank equally in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

29. Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

30. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the ASX Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

31. Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

32. Compliance with applicable law

No Security may be offered, granted, vested or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offer when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:

- (a) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or
- (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,
- (c) but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:
- (d) an offer to a person situated at the time of receipt of the offer outside Australia;
- (e) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or
- (f) an offer made under a disclosure document,

would not exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

33. Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

34. Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

35. Income Tax Assessment Act

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in that Act).



Family Zone Cyber Safety Limited | ACN 167 509

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 2.00pm (AWST) on Wednesday, 17 November 2021, 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>.



