

**CIPHERPOINT LIMITED**  
**ACN 120 658 497**  
**NOTICE OF GENERAL MEETING**

Notice is hereby given that a General Meeting (“**Meeting**”) of the shareholders of Cipherpoint Limited [ACN 120 658 497] (“**the Company**”) will be held by virtual technology on 31 March 2021 at 10.00am (Sydney time).

**IMPACTS OF COVID-19 ON THE MEETING**

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to conduct the Meeting virtually via Zoom.

Shareholders are strongly encouraged to vote by lodging a directed proxy appointing the Chair as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice (10.00am (Sydney time) on 29 March 2021). Instructions for lodging proxies are included on your personalised proxy form.

Arrangements for attendance by Zoom, with the ability to ask questions, can be made by contacting Steven Bliim, the Executive Director and Joint Company Secretary, by email to [steven.bliim@cipherpoint.com](mailto:steven.bliim@cipherpoint.com) at least two business days before the meeting. Arrangements will be made for direct voting by way of a poll on Resolutions at the virtual Meeting by shareholders, proxies, corporate representatives and holders of powers of attorney.

In addition, the Company is happy to accept and answer questions submitted at least two business days prior to the Meeting by email to [steven.bliim@cipherpoint.com](mailto:steven.bliim@cipherpoint.com). The Company reserves the right to not respond to any unreasonable and/or offensive questions at its discretion.

Because the conditions and potential restrictions and other requirements for meetings relating to COVID-19 are rapidly changing, if it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice of General Meeting the Company will announce the alternative arrangements to ASX. Shareholders are encouraged to check for announcements at the ASX website [www.asx.com.au](http://www.asx.com.au), search code “CPT”.

Further details in respect of each of the Resolutions proposed in this Notice of General Meeting (“**Notice**”) are set out in the Explanatory Memorandum (“**Memorandum**”) accompanying this Notice. The details of Resolutions contained in the Memorandum should be read together with, and form part of, this Notice.

**AGENDA**

**RESOLUTION 1A: APPROVAL FOR ISSUE OF SECURITIES – BRACE168 VENDORS**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue an aggregate of 21,750,000 fully paid ordinary shares and 5,437,500 options (each with an exercise price of \$0.08 (8 cents), expiring 12 months from issue of the placement options and which, upon exercise, entitle the holder to one ordinary share in the Company) to the vendors of Brace168 Pty Limited (and/or their respective nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 1A is set out below.

**RESOLUTION 1B: APPROVAL FOR ISSUE OF MILESTONE ONE SHARES – BRACE168 VENDORS**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue an aggregate of 7,100,000 fully paid ordinary shares to the vendors of Brace168 Pty Limited (and/or their respective nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 1B is set out below.

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#### **RESOLUTION 1C: APPROVAL FOR ISSUE OF MILESTONE TWO SHARES – BRACE168 VENDORS**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue an aggregate of 7,100,000 fully paid ordinary shares to the vendors of Brace168 Pty Ltd (and/or their respective nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 1C is set out below.

#### **RESOLUTION 1D: APPROVAL FOR ISSUE OF SHARES – BRACE168 VENDORS**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue an aggregate number of fully paid ordinary shares calculated in accordance with the formula set out in the Memorandum to the vendors of Brace168 Pty Ltd (and/or their respective nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 1D is set out below.

#### ***Voting Exclusion Statement – Resolutions 1A to 1D***

*The Company will disregard any votes cast in favour of Resolutions 1A to 1D respectively by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) under Resolutions 1A to 1D respectively and any of their associates.*

*However, this does not apply to a vote cast in favour of Resolutions 1A to 1D respectively by:*

- *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or*
- *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*
- *a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - *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*
  - *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

#### **RESOLUTION 2A: ADOPTION OF EMPLOYEE INCENTIVE SCHEME – PERFORMANCE RIGHTS PLAN**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**“That, for the purposes of ASX Listing Rule 7.2 Exception 13 and for all other purposes, approval is given for the Company to adopt an employee incentive scheme, being the Cipherpoint Performance Rights Plan, as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 2A is set out below.

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## RESOLUTION 2B: ADOPTION OF EMPLOYEE INCENTIVE SCHEME – SHARE OPTION PLAN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

***“That, for the purposes of ASX Listing Rule 7.2 Exception 13 and for all other purposes, approval is given for the Company to adopt an employee incentive scheme, being the Cipherpoint Share Option Plan, as described in the Memorandum which accompanied and formed part of this Notice.”***

A voting exclusion statement for Resolution 2B is set out below.

## RESOLUTION 2C: ADOPTION OF EMPLOYEE INCENTIVE SCHEME – LOAN SHARE PLAN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

***“That, for the purposes of ASX Listing Rule 7.2 Exception 13 and for all other purposes including sections 259B and 260C of the Corporations Act 2001 (Cth), approval is given for the Company to adopt an employee incentive scheme, being the Cipherpoint Loan Share Plan, as described in the Memorandum which accompanied and formed part of this Notice.”***

A voting exclusion statement for Resolution 2C is set out below.

### **Voting Exclusion Statement – Resolutions 2A to 2C:**

*The Company will disregard any votes cast in favour of any or all of Resolutions 2A to 2C by or on behalf of a person who is eligible to participate in the employee incentive scheme or any of their associates.*

*However, this does not apply to a vote cast in favour of Resolutions 2A to 2C respectively by:*

- *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or*
- *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*
- *a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
  - *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*
  - *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

### **Voting Prohibition:**

*Other than as set out below, a vote on Resolutions 2A to 2C respectively must not be cast as proxy by:*

- *a member of the key management personnel, details of whose remuneration was included in the Remuneration Report for the financial year ended 31 March 2020; or*
- *a closely related party of such a member,*

*being referred to herein as Restricted Voters.*

*A Restricted Voter may cast a vote on Resolutions 2A to 2C respectively as a proxy if either:*

- *the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or*
- *the Restricted Voter is the Chair and the written appointment of the Chair as proxy:*

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- *does not specify the way the proxy is to vote on this Resolution; and*
- *expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

### **RESOLUTION 3A: RATIFICATION OF PRIOR ISSUE OF SHARES**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue of 21,276,597 fully paid ordinary shares at an issue price of \$0.047 (4.7 cent) per share to unrelated sophisticated, professional and other exempt investors as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 3A is set out below.

### **RESOLUTION 3B: RATIFICATION OF PRIOR ISSUE OF OPTIONS**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue of options (each with an exercise price of \$0.08 (8 cents), expiring 12 months from issue and which, upon exercise, entitle the holder to one ordinary share in the Company) to unrelated sophisticated, professional and other exempt investors as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 3B is set out below.

### **RESOLUTION 3C: RATIFICATION OF PRIOR ISSUE OF OPTIONS – CUMULUS WEALTH PTY LTD**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue of 2,000,000 options (each with an exercise price of \$0.08 (8 cents), expiring 12 months from issue and which, upon exercise, entitle the holder to one ordinary share in the Company) to Cumulus Wealth Pty Ltd (and/or its nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 3C is set out below.

### **RESOLUTION 3D: RATIFICATION OF PRIOR ISSUE OF OPTIONS – EVOLUTION CAPITAL ADVISORS PTY LTD**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue of 2,000,000 options (each with an exercise price of \$0.08 (8 cents), expiring 12 months from issue and which, upon exercise, entitle the holder to one ordinary share in the Company) to Evolution Capital Advisors Pty Ltd (and/or its nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

A voting exclusion statement for Resolution 3D is set out below.

#### ***Voting Exclusion Statement***

*The Company will disregard any votes cast in favour of Resolutions 3A to 3D respectively by or on behalf of any person who participated in the issue or is a counterparty to the agreement being approved or any associate of that person.*

*However, this does not apply to a vote cast in favour of Resolutions 3A to 3D respectively by:*

- *a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or*

- 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
- a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **RESOLUTION 4A: APPROVAL FOR ISSUE OF PERFORMANCE RIGHTS – GRAHAM MIRABITO**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue a total of 500,000 performance rights under the Cipherpoint Performance Rights Plan, to Graham Mirabito (and/or his nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

*A voting exclusion statement as set out below in this Notice applies to this Resolution 4A.*

#### **RESOLUTION 4B: APPROVAL FOR ISSUE OF PERFORMANCE RIGHTS – TED PRETTY**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue a total of 2,750,000 performance rights under the Cipherpoint Performance Rights Plan, to Ted Pretty and/or his nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

*A voting exclusion statement as set out below in this Notice applies to this Resolution 4B.*

#### **RESOLUTION 4C: APPROVAL FOR ISSUE OF PERFORMANCE RIGHTS – STEVEN BLIIM**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of ASX Listing Rule 10.14, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue a total of 2,500,000 performance rights under the Cipherpoint Performance Rights Plan, to Steven Bliim (and/or his nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”**

*A voting exclusion statement as set out below in this Notice applies to this Resolution 4C.*

#### **Voting Exclusion Statement – Resolutions 4A – 4C**

*The Company will disregard any votes cast in favour of Resolutions 4A to 4C respectively by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question or any of their associates.*

*However, this does not apply to a vote cast in favour of Resolutions 4A to 4C respectively by:*

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

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- *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*
- *the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

**Voting Prohibition – Resolutions 4A to 4C**

*Other than as set out below, a vote on Resolutions 4A to 4C inclusive must not be cast as proxy by a Restricted Voter.*

*A Restricted Voter may cast a vote on any or all of Resolutions 4A to 4C inclusive as a proxy if either:*

- *the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or*
- *the Restricted Voter is the Chair and the written appointment of the Chair as proxy:*
  - *does not specify the way the proxy is to vote on this Resolution; and*
  - *expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

**RESOLUTION 5A: APPROVAL TO VARY TERM OF SECURITIES – CLASS A PERFORMANCE RIGHTS**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of the ASX Listing Rules and for all other purposes, approval is given for the variation to the milestone for conversion of Class A Performance Rights to fully paid ordinary shares by adding an alternate market capitalisation milestone described in the Memorandum which accompanied and formed part of this Notice.”**

*A voting exclusion statement as set out below in this Notice applies to this Resolution 5A.*

**RESOLUTION 5B: APPROVAL TO VARY TERM OF SECURITIES – CLASS B PERFORMANCE RIGHTS**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of the ASX Listing Rules and for all other purposes, approval is given for the variation to the milestone for conversion of Class B Performance Rights to fully paid ordinary shares by adding an alternate market capitalisation milestone described in the Memorandum which accompanied and formed part of this Notice.”**

*A voting exclusion statement as set out below in this Notice applies to this Resolution 5B.*

**RESOLUTION 5C: APPROVAL TO VARY TERM OF SECURITIES – CLASS C PERFORMANCE RIGHTS**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**“That, for the purposes of the ASX Listing Rules and for all other purposes, approval is given for the variation to the milestone for conversion of Class C Performance Rights to fully paid ordinary shares by adding an alternate market capitalisation milestone described in the Memorandum which accompanied and formed part of this Notice.”**

*A voting exclusion statement as set out below in this Notice applies to this Resolution 5C.*

**Voting Exclusion Statement – Resolutions 5A – 5C**

*The Company will disregard any votes cast in favour of Resolutions 5A to 5C respectively by or on behalf of any person who holds a performance right the is the subject of the approval or any of their associates.*

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However, this does not apply to a vote cast in favour of Resolutions 5A to 5C respectively by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- 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
- a holder acting solely as nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition – Resolutions 5A to 5C**

Other than as set out below, a vote on Resolutions 5A to 5C inclusive must not be cast as proxy by a Restricted Voter.

A Restricted Voter may cast a vote on any or all of Resolutions 5A to 5C inclusive as a proxy if either:

- the Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- the Restricted Voter is the Chair and the written appointment of the Chair as proxy:
  - does not specify the way the proxy is to vote on this Resolution; and
  - expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**OTHER BUSINESS**

To consider any other business that may be brought before the Meeting in accordance with the Constitution of the Company and the Corporations Act.

By the order of the Board



**Non-Executive Chairman**

Dated: 25 February 2021

The accompanying Proxy Instructions and Memorandum form part of this Notice.

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## PROXY AND VOTING INSTRUCTIONS

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### Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- one proxy if the member is only entitled to one vote; and
- one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged with the Company's share registry not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.

### Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the Meeting) a natural person to act as its representative at any general meeting.

### Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 10.00am (Sydney time) on 29 March 2021 are entitled to attend and vote at the virtual meeting. Further details are set out on the front cover of the Notice.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

### How the Chair Will Vote Undirected Proxies

Subject to any restrictions set out in the Notice, the Chair of the Meeting will vote undirected proxies in favour of all of the proposed Resolutions.

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**CIPHERPOINT LIMITED**  
**ACN 120 658 497**  
**("the Company")**  
**GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**

This Memorandum has been prepared for the information of members of Cipherpoint Limited (ACN 120 658 497) (the "**Company**") in connection with the business to be conducted at a General Meeting ("**Meeting**") of Shareholders of the Company to be held by virtual technology on 31 March 2021 at 10.00am (Sydney time).

**Please refer to the note on the front cover of the Notice of General Meeting regarding COVID-19 related restrictions, lodging proxies and/or attending the Meeting by Zoom.**

Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions set out therein to vote before the Meeting.

This Memorandum should be read in conjunction with, and forms part of, the accompanying Notice.

**ORDINARY BUSINESS**

**Background to Resolutions**

*Proposed acquisition of Brace168 Pty Limited*

On 21 January 2021, the Company announced that it had entered into a binding terms sheet (**Terms Sheet**) to acquire 100% of the issued capital in cyber security services platform Brace168 Pty Limited (**Brace168**) from the shareholders of Brace168 (**Brace168 Vendors**).

A summary of the Terms Sheet is set out in Annexure A. The execution of formal documentation with terms substantially similar to the Terms Sheet is a condition precedent of the Transaction.

Acquisition by the Company of 100% of the issued capital of Brace168 is referred to herein as the **Transaction**.

The aggregate consideration payable by the Company to the Brace168 Vendors under the Transaction comprises:

- \$2 million in cash at completion of the Transaction;
- 21,750,000 fully paid ordinary shares (**Consideration Shares**) and 5,437,500 options (each with an exercise price of \$0.08 (8 cents), expiring 12 months from issue of the Placement Options (defined below), upon exercise, entitle the holder to one ordinary share in the Company and otherwise having terms as set out in Annexure B) (**Consideration Options**). Shareholder approval for issue of the Consideration Shares and Consideration Options is sought under Resolution 1A. The Consideration Shares and Consideration Options shall be voluntarily escrowed until 30 September 2021;
- 7,100,000 fully paid ordinary shares if at the conclusion of Brace168's FY2021 (12 months to 30 June 2021), the revenue of Brace168 is greater than \$3 million (**Milestone One Shares**). Shareholder approval for issue of the Milestone One Shares is sought under Resolution 1B;
- 7,100,000 fully paid ordinary shares if at the conclusion of CPT's FY2022 (12 months to 31 March 2022), the revenue of Brace168 for that period is greater than \$5 million (**Milestone Two Shares**). Shareholder approval for issue of the Milestone One Shares is sought under Resolution 1C; and
- \$1 million in cash, payable 12 months from completion of the Transaction. The Brace168 Vendors may elect to receive this cash amount in fully paid ordinary shares if the Company fails to make payment within 20 business days of the due date (**Conversion Option**). The Conversion Option will require the Company to issue the Brace168 Vendors fully paid ordinary shares (**Conversion Option Shares**) with an aggregate value of \$1 million, with the number of Conversion Option Shares to be issued calculated by dividing \$1 million by the lower of the 15 day volume weighted average price (**VWAP**) prior to completion of the

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Transaction or a discount of 15% to the 15 day VWAP at the date that the Brace168 Vendors exercise the Conversion Option. Shareholder approval for issue of the Conversion Option Shares is sought under Resolution 1D.

The consideration is to be split equally between Network 1 Pty Ltd ACN 073 569 221 ATF Bunt Family Trust (an entity associated with Greg Bunt) and Yalip Pty Ltd ACN 149 957 540 ATF Yalip Family Trust (an entity associated with Matt Miller), who each holds 50% of the issued capital of Brace168 and are not related to the Company.

The issue of securities forming the consideration under the Transaction as described above are not subject to shareholder approval. If shareholders do not approve Resolutions 1A to 1D (or any of them), the Company may seek to issue the securities using its placement capacity under ASX Listing Rule 7.1 at the time of issue.

The Company has received waivers of ASX Listing Rule 7.3.4 to permit the issue pursuant to the shareholder approvals sought under the Notice of the:

- Milestone One Shares no later than 30 September 2021;
- Milestone Two shares no later than 30 June 2022; and
- Conversion Option Shares no later than 13 months after the date of completion of the Transaction. A minimum floor conversion price of \$0.04 (4 cents) has been set for the purposes of the waiver of ASX Listing Rule 7.3.4 granted by ASX in respect of the Conversion Option Shares. If the conversion price of the Conversion Option Shares is less than \$0.04 (4 cents) then the waiver of ASX Listing Rule 7.3.4 in respect of the Conversion Option Shares will not be able to be relied upon by the Company, the shareholder approval for the issue of the Conversion Option Shares will lapse and the Conversion Option Shares will either be issued using the placement capacity of the Company under ASX Listing Rule 7.1 at the time or the Company will seek further shareholder approval for issue of the Conversion Option Shares.

ASX has confirmed that the terms of the Milestone One Shares and Milestone Two Shares (collectively **Milestone Shares**) to be issued upon and subject to the satisfaction of relevant respective milestones are appropriate and equitable under ASX Listing Rule 6.1.

The Company confirms that Milestone Shares are being issued in connection with the Transaction and will only be issued upon and subject to the satisfaction of the relevant milestone applicable to each of them respectively.

The milestones applicable for the issue of the respective tranches of Milestone Shares are linked to the performance of Brace168. The achievement of the milestones will be determined by way of independent audit which shall exclude extraordinary items. The terms of the Milestone Shares were negotiated by the Company with the rationale of ensuring that a portion of the consideration is aligned with the short term performance of Brace168. By making a portion of the consideration contingent on the achievement of revenue milestones by Brace168, the Company is seeking to manage risks inherent in the acquisition of third party entities with respect to consistency of ongoing performance, as well as to align the interests of the Brace168 Vendors with those of the Company in seeking the successful ongoing performance of Brace168 following completion.

The number of Milestone Shares was part of the commercial negotiations with the Brace168 Vendors. It is the view of the Company that the number of Milestone Shares ought to form a sizeable portion of the equity component of the consideration for the Transaction (approximately 40% of the total equity consideration). Given that the success of Brace168 is considered to be one of the primary factors in respect of increasing shareholder value and therefore will one of the focuses of the Company following completion of the Transaction, the Company considers the portion of the equity component of the consideration represented by the Milestone Shares to be equitable and appropriate.

In addition to the securities forming the consideration under the Transaction as described above, the Company proposes issuing the following securities:

- An aggregate of 10 million performance rights to Greg Bunt and Matt Miller, the key management personnel of Brace168, as follows:

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- 5 million performance rights (2,500,000 to each of Greg and Matt) that convert to ordinary shares upon and subject to:
  - the Company trading above \$0.10 (10 cents) for five consecutive trading days; or
  - the Company achieving a market capitalisation equal to or greater than \$22,000,000 for five consecutive trading days (which is not currently included in the Terms Sheet however is a variation as agreed between the Company and the Brace168 Vendors and shall form part of the formal documentation for the Transaction),on or before the date that is five years from issue, failing which the performance rights lapse; and
- 5 million performance rights (2,500,000 to each of Greg and Matt) that convert to ordinary shares upon and subject to Brace168's FY2021 (12 months to 30 June 2021) revenue being greater than \$3 million, failing which the performance rights immediately lapse.

The full terms of the performance rights are set out in Annexure C.

These performance rights are proposed to be issued under the Cipherpoint Performance Rights Plan (**PRP**). The Company is seeking shareholder approval under Resolution 2A to renew the adoption of the PRP to increase the number of performance rights that may be issued under the PRP for the purposes of accommodating the performance rights proposed to be issued to Greg and Matt as described above.

A summary of the terms of the PRP is set out in Annexure D.

- Share based incentives to the employees of Brace168 (which may include loan plan shares), the number of which is yet to be determined, under the Cipherpoint Share Option Plan (**SOP**) and/or Cipherpoint Loan Share Plan (**LSP**). The Company is seeking shareholder approval to renew the adoption of the SOP pursuant to Resolution 2B and LSP pursuant to Resolution 2C to increase the number of securities that may be issued under the SOP and LSP to accommodate the securities that are proposed to be issued to employees of Brace168.

A summary of the terms of the SOP is set out in Annexure E and a summary of the LSP is set out in Annexure F.

#### *Placement and rights issue*

As also announced on 21 January 2021, the Company is proposing to conduct a capital raising as follows:

- **Placement:** the Company has received binding commitments for a placement of 21,276,597 fully paid ordinary shares (**Placement Shares**) to unrelated professional, sophisticated and other exempt investors who are clients of Evolution and Cumulus (defined below) to raise \$1 million before costs (**Placement**). The Company issued the Placement Shares on 1 February 2021 and an Appendix 2A was released to ASX on that date. Resolution 3A seeks shareholder ratification of the prior issue of the Placement Shares.

Every four Placement Shares are to be accompanied by one free-attaching option (each with an exercise price of \$0.08 (8 cents), expiring 12 months from issue, upon exercise, entitle the holder to one ordinary share in the Company and otherwise having terms as set out in Annexure B) (**Placement Options**).

Cumulus Wealth Pty Ltd (**Cumulus**) and Evolution Capital Advisors Pty Ltd (**Evolution**) assisted the Company with the Placement. Cumulus and Evolution each received 6% of the funds they raised under the Placement and are to each be issued 2 million options with the same terms as Placement Options (**Broker Options**) (4 million Broker Options total).

The Placement Options and Broker Options are proposed to be issued shortly after lodgement of, and pursuant to, the prospectus for the Rights Issue (refer below).

- **Rights Issue:** the Company proposes undertaking a pro-rata non-renounceable rights issue by offering eligible shareholders (being shareholders with an address in Australia or New Zealand in the register of

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the Company at a record date to be determined, including participants in the Placement) the right to subscribe for one share for every two shares held at a record date to be determined at a price of \$0.047 (4.7 cents) per share to raise up to approximately \$4 million before costs (**Rights Issue**). Every four shares subscribed for under the Rights Issue will be accompanied by one free-attaching option (each with an exercise price of \$0.08 (8 cents), expiring 12 months from issue of the Placement Options, upon exercise, entitle the holder to one ordinary share in the Company and otherwise having terms as set out in Annexure B).

As announced on 22 January 2021, the Company has entered into an underwriting agreement with Viriathus Capital Pty Ltd [AFSL:297950] (**Underwriter**) pursuant to which the Underwriter will underwrite up to \$1.5 million under the Rights Issue. The underwriting commitment of the Underwriter will be relieved by valid applications under the entitlement issue, such that if applications for \$1.5 million are received there will be no underwriting obligation.

The Rights Issue is proposed to be conducted pursuant to a prospectus which is intended to be lodged by the Company with ASIC and released to ASX shortly after the date of the Notice.

Funds raised under the Placement and Rights Issue in combination will be applied as follows:

- meeting costs of the Transaction;
- meeting costs of integrating Brace168 into the businesses of the Company;
- fund the expansion of existing business of the Company following integration of Brace168;
- fund the anticipated growth of the Brace168 business;
- establish a second point of presence for Security Solutions in Europe co-located with the existing business of the Company in Heilbronn, Germany; and
- group working capital.

#### *Impact on the capital structure*

For illustrative purposes only, tables showing the anticipated potential impact of the Transaction and the capital raising on the capital structure of the Company are set out in Annexure G.

#### *Additional information*

The Company notes the following additional information:

- The Company proposes seeking official quotation (listing) of the Consideration Options, Placement Options, Broker Options and options to be issued under the Rights Issue, it being noted that the Consideration Options will be subject to voluntary escrow until 30 September 2021; and
- Brace168 will be managed as a separate business during the period within which the milestones applicable for the issue of the Milestone One Shares and Milestone Two Shares are able to be satisfied.

#### **Resolutions 1A to 1D – Approval for issue of consideration securities to Brace168 Vendors**

Resolutions 1A to 1D seek shareholder approvals for the purposes of ASX Listing Rule 7.1 to issue the securities that may be issued as consideration under, or in connection with, the Transaction.

The number of securities to be issued and the timing of such issue(s) is set out in the table below:

#	Definition	Number of securities	Timing of issue
1A	Consideration Shares	21,750,000	Completion of the Transaction.

1A	Consideration Options	5,437,500	Completion of the Transaction.
1B	Milestone One Shares	7,100,000	To be issued if at the conclusion of Brace168's FY2021 (12 months to 30 June 2021), the revenue of Brace168 is greater than \$3 million.
1C	Milestone Two Shares	7,100,000	To be issued if at the conclusion of CPT's FY2022 (12 months to 31 March 2022), the revenue of Brace168 for that period is greater than \$5 million.
1D	Conversion Option Shares	\$1 million divided by the lower of the 15 day VWAP prior to completion of the Transaction or a discount of 15% to the 15 day VWAP at the date that the Brace168 Vendors exercise the Conversion Option.	To be issued if the Brace168 Vendors elect to receive the \$1 million payable by the Company 12 months from completion in fully paid ordinary shares if the Company fails to make payment within 20 business days of the due date.

A summary of the Terms Sheet is set out in Annexure A. The execution of formal documentation with terms substantially similar to the Terms Sheet is a condition precedent of the Transaction.

For the avoidance of doubt, the issue of the securities the subject of Resolutions 1A to 1D is not subject to shareholder approval. If shareholders do not approve Resolutions 1A to 1D (or any of them), the Company may seek to issue the relevant securities using its placement capacity under ASX Listing Rule 7.1 at the time of issue.

*Waiver of ASX Listing Rules 7.3.4 and 6.1*

The Company has received waivers of ASX Listing Rule 7.3.4 to permit the issue pursuant to the shareholder approvals sought under the Notice of the:

- Milestone One Shares no later than 30 September 2021;
- Milestone Two shares no later than 30 June 2022; and
- Conversion Option Shares no later than 13 months after the date of completion of the Transaction. A minimum floor conversion price of \$0.04 (4 cents) has been set for the purposes of the waiver of ASX Listing Rule 7.3.4 granted by ASX in respect of the Conversion Option Shares. If the conversion price of the Conversion Option Shares is less than \$0.04 (4 cents) then the waiver of ASX Listing Rule 7.3.4 in respect of the Conversion Option Shares will not be able to be relied upon by the Company, the shareholder approval for the issue of the Conversion Option Shares will lapse and the Conversion Option Shares will either be issued using the placement capacity of the Company under ASX Listing Rule 7.1 at the time or the Company will seek further shareholder approval for issue of the Conversion Option Shares.

ASX has confirmed that the terms of the Milestone One Shares and Milestone Two Shares to be issued upon and subject to the satisfaction of relevant milestones are appropriate and equitable under ASX Listing Rule 6.1.

*ASX Listing Rules 7.1 and 7.3*

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue during any twelve month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the company's issued share capital at the commencement of the twelve month period. One circumstance where an action or an issue is not taken into account in calculating the 15% threshold is where the issue has the prior approval of shareholders at a general meeting.

If shareholders approve Resolutions 1A to 1D, the Company will be able to issue the securities the subject of these Resolutions without using its available placement capacity under ASX Listing Rule 7.1. The issue of the securities will also increase the Company's capacity to issue equity securities under ASX Listing Rule 7.1 (and, subject to the relevant shareholder approval being held at the time, ASX Listing Rule 7.1A). If shareholders do not pass Resolution 1A to 1D then the Company may issue the securities the subject of those Resolutions using its available placement capacity under ASX Listing Rule 7.1 at the time of issue.

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The following information is provided in accordance with the requirements of ASX Listing Rule 7.3 in respect of Resolutions 1A to 1D:

- The securities will be issued to the Brace168 Vendors.
- The number and securities to be issued and the timing of such issue(s) under Resolutions 1A to 1D is set out in the table below:

#	Definition	Number of securities	Timing of issue
1A	Consideration Shares	21,750,000	Completion of the Transaction.
1A	Consideration Options	5,437,500	Completion of the Transaction.
1B	Milestone One Shares	7,100,000	To be issued if at the conclusion of Brace168's FY2021 (12 months to 30 June 2021), the revenue of Brace168 is greater than \$3 million.
1C	Milestone Two Shares	7,100,000	To be issued if at the conclusion of CPT's FY2022 (12 months to 31 March 2022), the revenue of Brace168 for that period is greater than \$5 million.
1D	Conversion Option Shares	\$1 million divided by the lower of the 15 day VWAP prior to completion of the Transaction or a discount of 15% to the 15 day VWAP at the date that the Brace168 Vendors exercise the Conversion Option.	To be issued if the Brace168 Vendors elect to receive the \$1 million payable by the Company 12 months from completion in fully paid ordinary shares if the Company fails to make payment within 20 business days of the due date.

- Consideration Shares, Milestone One Shares, Milestone Two Shares and Conversion Option Shares will have the same terms and rights as, and will rank equally with, the Company's other fully paid ordinary shares. Consideration Options each have an exercise price of \$0.08 (8 cents), expiring 12 months from issue of the Placement Options, upon exercise, entitle the holder to one ordinary share in the Company and otherwise having terms as set out in Annexure B.
- Details of the timing of issue of securities under Resolutions 1A to 1D are set out below:
  - The Consideration Shares and Consideration Options are to be issued at completion of the Transaction which is proposed to occur shortly after the Meeting and in any event no later than three months after the date of the Meeting.
  - The Milestone One Shares may be issued no later than 30 September 2021 in accordance with the waiver of ASX Listing Rule 7.3.4 granted by ASX.
  - The Milestone Two Shares may be issued no later than 30 June 2022 in accordance with the waiver of ASX Listing Rule 7.3.4 granted by ASX.
  - The Conversion Option Shares may be issued no later than 13 months after completion of the Transaction in accordance with the waiver of ASX Listing Rule 7.3.4 granted by ASX. A minimum floor conversion price of \$0.04 (4 cents) has been set for the purposes of the waiver of ASX Listing Rule 7.3.4 granted by ASX in respect of the Conversion Option Shares. If the conversion price of the Conversion Option Shares is less than \$0.04 (4 cents) then the waiver of ASX Listing Rule 7.3.4 in respect of the Conversion Option Shares will not be able to be relied upon by the Company, the shareholder approval for the issue of the Conversion Option Shares will lapse and the Conversion Option Shares will either be issued using the placement capacity of the Company under ASX Listing Rule 7.1 at the time or the Company will seek further shareholder approval for issue of the Conversion Option Shares.
- The Consideration Shares and Consideration Options are being issued as consideration for the acquisition of 100% of the issue capital of Brace168 from the Brace168 Vendors at completion of the

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Transaction. The Milestone One Shares are to be issued if at the conclusion of Brace168's FY2021 (12 months to 30 June 2021), the revenue of Brace168 is greater than \$3 million. The Milestone Two Shares are to be issued if at the conclusion of CPT's FY2022 (12 months to 31 March 2022), the revenue of Brace168 for that period is greater than \$5 million. The Conversion Option Shares will represent \$1 million at the deemed price calculated as set out in the above table and are to be issued if the Brace168 Vendors elect to receive the \$1 million payable by the Company 12 months from completion in fully paid ordinary shares if the Company fails to make payment within 20 business days of the due date.

- No funds will be raised from the issue of securities the subject of Resolutions 1A to 1D. Consideration Shares, Consideration Options, Milestone One Shares and Milestone Two Shares (if any) are being issued to the Brace168 Vendors as consideration under the terms of the Transaction. The Conversion Option Shares are to be issued if the Brace168 Vendors elect to receive the \$1 million payable by the Company 12 months from completion in fully paid ordinary shares if the Company fails to make payment within 20 business days of the due date.
- The Consideration Shares, Consideration Options, Milestone One Shares, Milestone Two Shares and Conversion Option Shares are to be issued under the Terms Sheet which is summarised in Annexure A. The execution of formal documentation with terms substantially similar to the Terms Sheet is a condition precedent of the Transaction.
- A voting exclusion for Resolutions 1A to 1D is contained in the Notice accompanying this Memorandum.

#### *Director recommendation*

The Directors unanimously recommend that shareholders vote in favour of Resolutions 1A to 1D.

#### **Resolutions 2A to 2C – adoption of employee incentive schemes**

Resolutions 2A to 2C seek shareholder approval for the adoption of three separate employee incentive schemes (**Plans**), being the PRP, SOP and LSP. A summary of each of the Plans forms Annexures D to F inclusive and a copy of the Plans (or any one of them) can be provided upon request to the Company.

The Plans were previously adopted at the 2020 AGM of the Company on 25 August 2020. The Company is seeking approval to renew the adoption of the Plans with increased limits on the number of securities to be issued under the Plans by an aggregate of 22 million. The increased limit is sought to accommodate the proposed issue of securities to the Brace168 Vendors and employees of Brace168 under the Plans as described above.

No directors or their associates will participate in any of the Plans or receive any securities under any of the Plans unless and until further shareholder approval of specific issues to them is obtained.

#### *Regulation Requirements – ASX Listing Rules Chapter 7*

ASX Listing Rule 7.1 requires that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 Exception 13 provides an exception to ASX Listing Rule 7.1 for securities issued under an employee incentive scheme within 3 years of shareholder approval of the scheme. The Company therefore seeks approval of the Plans under ASX Listing Rule 7.2 Exception 13 so that issues of securities under the Plans does not impede the capacity of the Company to issue up to a further 15% of its capital without shareholder approval.

Details of any issues of securities under the Plans since they were last approved are set out below:

- **PRP:** 6,250,000 performance rights were issued under the PRP on 7 September 2020 and an Appendix 3G for the issue was released to ASX on that date.
- **SOP:** 4,500,000 options were issued under the SOP on 28 October 2020 and an Appendix 3G was released to ASX on that date.

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- **LSP:** 2,250,000 loan plan shares were issued under the LSP on 28 October 2020 and an Appendix 3G was released to ASX on that date.

As noted above, the Company proposes increasing the limits on the number of securities to be issued under the Plans to accommodate the proposed issue of securities to the Brace168 Vendors and employees of Brace168 under the Plans as described above.

The maximum number of securities that may be issued under the LSP, SOP and PRP (in aggregate) is 42,450,000 securities, inclusive of those securities previously issued under the Plans as described above. The Company currently intends to issue an aggregate of 10 million performance rights under the PRP to Greg Bunt and Matt Miller as the key management personnel of Brace168 at completion of the Transaction and an aggregate of 6,250,000 performance rights under the PRP to key management personnel of the Company, including 5,750,000 performance rights to Directors which are subject to shareholder approval under Resolutions 4A to 4C. The Company also proposes issuing shares (under the SOP and/or LSP) as incentives to employees of Brace168. The Company has also already issued 13,000,000 securities under the Plans as described above.

The remaining capacity under the Plans will be reserved for future issues subject to Board discretion at the relevant time. Any issue of securities under any of the Plans will be announced to ASX.

#### *Corporations Act – Resolution 2C*

Approval is sought under Resolution 2C for the purposes of sections 259B and 260C of the Corporations Act 2001 (Cth).

The LSP provides that the Company may provide financial assistance (in the form of an interest free, limited recourse loan) to participants to fund the acquisition price of shares issued under the LSP, further details of which are set out in summary in Annexure F.

Under section 260C(4) of the Corporations Act, a company may financially assist a person to acquire its shares if the financial assistance is given under an employee share scheme that is approved by shareholders at a general meeting. The LSP provides that the Company may financially assist a person to acquire Loan Plan Shares by providing financial assistance in the form of a loan. This may be considered to be the Company providing financial the acquisition of its own shares or other securities. Accordingly Resolution 2C seeks approval of the Plan for the purposes of section 260C(4) of the Corporations Act.

The LSP also provides for the Company to take security over the shares issued under the LSP, and to place restrictions on transfer, as a means of security loan repayment obligations. This may also constitute taking security over its own shares. Section 259B(1) of the Corporations Act provides that a company must not take security over shares in itself except as permitted by the Corporations Act. Section 259B(2) provides that the Company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting. Resolution 2C seeks approval of the LSP for the purposes of section 259B(2) of the Corporations Act.

#### *General*

A copy of each of the Plans is available for review by shareholders at the registered office of the Company until the date of the Meeting. A copy of each of the Plans can also be sent to shareholders upon request to the Company. A voting exclusion statement as set out in the Notice applies to Resolutions 2A to 2C.

#### **Resolutions 3A to 3D – Ratification of prior issue of securities**

Resolutions 3A to 3D seek shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the securities set out in the table below:

#	Definition	Number of securities	Recipient
3A	Placement Shares	21,276,597	unrelated professional, sophisticated and other exempt investors who are clients of Evolution and Cumulus.

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3B	Placement Options	5,319,149 (subject to rounding)	unrelated professional, sophisticated and other exempt investors who are clients of Evolution and Cumulus. Issued as free-attaching to Placement Shares on a one for four basis.
3C	Broker Options	2,000,000	Cumulus Wealth Pty Ltd ( <b>Cumulus</b> )*
3D	Broker Options	2,000,000	Evolution Capital Advisors Pty Ltd ( <b>Evolution</b> )*

*\*may be issued to nominee(s)*

The Placement Shares were issued on 1 February 2021 and an Appendix 2A was released to ASX on that date. The Placement Shares were issued without shareholder approval under ASX Listing Rules 7.1 and 7.1A.

The Placement Options and Broker Options are proposed to be issued between the date of the Notice and the date of the Meeting without shareholder approval under ASX Listing Rule 7.1. The Placement Options and Broker Options are to be issued under the prospectus for the Rights Issue.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions including ASX Listing Rule 7.1A, issue or agree to issue during any twelve (12) month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the share capital of the Company at the commencement of that twelve (12) month period. The Company obtained shareholder approval under ASX Listing Rule 7.1A to issue equity securities under the additional 10% placement capacity at its Annual General Meeting on 25 August 2020.

6,576,597 of the Placement Shares were issued under the placement capacity available to the Company under ASX Listing Rule 7.1 and 14,700,000 of the Placement Shares were issued under the placement capacity available to the Company under ASX Listing Rule 7.1A. The Placement Options and Broker Options are to be issued under the placement capacity available to the Company under ASX Listing Rule 7.1.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the prior issue of securities, or an agreement to issue securities, made pursuant to ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A (provided the previous issue did not breach ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A) those securities will be deemed to have been issued or agreed to be issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A. The Company seeks approval under ASX Listing Rule 7.4 to refresh its capacity to make further issues without shareholder approval under ASX Listing Rule 7.1 and/or ASX Listing Rule 7.1A.

If shareholders:

- pass Resolutions 3A to 3D, the Placement Shares, Placement Options and Broker Options will no longer use the placement capacity of the Company under the ASX Listing Rules and the Company will be able to issue equity securities using the refreshed placement capacity without shareholder approval.
- pass some, but not all, of Resolution 3A to 3D, the securities the subject of the Resolution(s) pass by shareholders will no longer use the placement capacity of the Company under the ASX Listing Rules and the Company will be able to issue equity securities using the refreshed placement capacity without shareholder approval. The securities the subject of the Resolution not passed by shareholders will, however, continue to use the placement capacity of the Company under the ASX Listing Rules.
- do not pass any of Resolutions 3A to 3D, the Placement Shares, Placement Options and Broker Options will continue to use the placement capacity available to the Company under the ASX Listing Rules.

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The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- Details of the number and recipients of securities are set out in the table below:

#	Definition	Number of securities	Recipient
3A	Placement Shares	21,276,597	unrelated professional, sophisticated and other exempt investors who are clients of Evolution and Cumulus.
3B	Placement Options	5,319,149 (subject to rounding)	unrelated professional, sophisticated and other exempt investors who are clients of Evolution and Cumulus. Issued as free-attaching to Placement Shares on a one for four basis.
3C	Broker Options	2,000,000	Cumulus Wealth Pty Ltd ( <b>Cumulus</b> )*
3D	Broker Options	2,000,000	Evolution Capital Advisors Pty Ltd ( <b>Evolution</b> )*

*\*may be issued to nominee(s)*

- Placement Shares have the same terms and rights as, and will rank equally with, the Company's other fully paid ordinary shares. Placement Options and Broker Options have the same terms, being an exercise price of \$0.08 (8 cents), expiring 12 months from issue of the Placement Options, upon exercise, entitle the holder to one ordinary share in the Company and otherwise having terms as set out in Annexure B.
- Placement Shares were issued on 1 February 2021 and an Appendix 2A was released to ASX on that date. The Placement Options and Broker Options are proposed to be issued between the date of the Notice and the date of the Meeting without shareholder approval under ASX Listing Rule 7.1.
- \$1 million before costs was raised from the issue of the Placement Shares. Funds raised have been, or will be, applied to:
  - meeting costs of the Transaction;
  - meeting costs of integrating Brace168 into the businesses of the Company;
  - fund the expansion of existing business of the Company following integration of Brace168;
  - fund the anticipated growth of the Brace168 business;
  - establish a second point of presence for Security Solutions in Europe co-located with the existing business of the Company in Heilbronn, Germany; and
  - group working capital.

No funds will be raised from the issue of Placement Options and Broker Options. Placement Options are being issued as free-attaching to Placement Shares on a one for four basis and Broker Options are being issued as fees for assistance provided in connection with the Placement. Funds raised upon exercise of Placement Options and/or Broker Options (if any) will be applied to meeting the working capital requirements of the Company at the time of exercise.

- A voting exclusion for Resolutions 3A to 3D is contained in the Notice accompanying this Memorandum.

*Director recommendation*

The Directors unanimously recommend that shareholders vote in favour of Resolutions 3A to 3D.

**RESOLUTIONS 4A to 4C: ISSUE OF PERFORMANCE RIGHTS**

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Resolutions 4A to 4C seek shareholder approval for the issue under the PRP of an aggregate of 5,750,000 performance rights (**Performance Rights**) to existing Directors of the Company as set out in the table below:

RECIPIENT *	NUMBER	APPLICABLE MILESTONES (ALTERNATES)	EXPIRY DATE
Graham Mirabito	500,000	(a) the Company trading above \$0.10 (10 cents) for five consecutive trading days; or  (b) the Company achieving a market capitalisation equal to or greater than \$22,000,000 for five consecutive trading days.	5 years from issue.
Ted Pretty	2,750,000	(a) the Company trading above \$0.10 (10 cents) for five consecutive trading days; or  (b) the Company achieving a market capitalisation equal to or greater than \$22,000,000 for five consecutive trading days.	5 years from issue.
Steven Bliim	2,500,000	(a) the Company trading above \$0.10 (10 cents) for five consecutive trading days; or  (b) the Company achieving a market capitalisation equal to or greater than \$22,000,000 for five consecutive trading days.	5 years from issue.

*\*Performance Rights may be issued to nominee(s) as advised to the Company.*

For the avoidance of doubt, only one of the Applicable Milestones of the Performance Rights the subject of Resolutions 4A to 4C is required to be satisfied for the performance rights to convert to ordinary shares.

Performance Rights automatically convert to fully paid ordinary shares upon achievement of one of the Milestones without the requirement for payment of any additional consideration. At least one Applicable Milestones must be satisfied prior to the Expiry Date. Any Performance Rights for which at least one of the Applicable Milestone(s) are not satisfied prior to the Expiry Date will automatically lapse.

The share price milestones will be adjusted in the event of a reconstruction of the Company's share capital as necessary to ensure the rights of the Company and the performance right holder are not affected.

If a recipient dies or becomes otherwise incapacitated then the Performance Rights granted to them shall remain in full force and shall inure for the benefit of their estate.

No loan has or will be made for the proposed issue or conversion of Performance Rights.

The terms of Performance Rights is set out in Annexure C.

#### *ASX Listing Rules*

Shareholder approval is required for the grant of the Performance Rights under the PRP to Graham Mirabito, Ted Pretty and Steven Bliim under ASX Listing Rule 10.14 because they are Directors of the Company and therefore related parties under Chapter 10 of the ASX Listing Rules. As Shareholder approval is sought under ASX Listing Rule 10.14, approval under ASX Listing Rule 7.1 is not required. Accordingly, the issue of Performance Rights to Graham Mirabito, Ted Pretty and Steven Bliim will not reduce the Company's 15% capacity for the purposes of ASX Listing Rule 7.1.

If shareholders pass Resolutions 4A to 4C the Company will be able to issue the Performance Rights as set out in Resolutions 4A to 4C. If Performance Rights convert to ordinary shares, the Company's capacity to issue equity securities under ASX Listing Rule 7.1 (and, subject to the relevant shareholder approval being held at the time, ASX Listing Rule 7.1A) will be increased. If shareholders do not pass Resolutions 4A to 4C then the Company will not be able to issue the Performance Rights as set out in Resolutions 4A to 4C.

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*Other Information provided in accordance with ASX Listing Rule 10.15*

ASX Listing Rule 10.15 provides that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 10.14:

- The proposed recipients and the maximum number of Performance Rights to be issued under the PRP to each person for whom approval under ASX Listing Rule 10.14 is sought under Resolutions 4A and 4C is set out in the table below.

RESOLUTION	RECIPIENT*	NUMBER
4A	Graham Mirabito	500,000
4B	Ted Pretty	2,750,000
4C	Steven Bliim	2,500,000
<b>TOTAL</b>		<b>5,750,000</b>

*\*Performance Rights may be issued to nominee(s) as advised to the Company.*

Each of the above recipients are Directors of the Company and therefore shareholder approval is required to issue each of them the Performance Rights under the PRP as provided for in ASX Listing Rule 10.14.1.

- Details of the remuneration package of the proposed recipients of Performance Rights is set out below:
  - Graham Mirabito: \$6,667 per month for acting as Non-executive Director of the Company;
  - Ted Pretty: \$11,000 per month for acting as Non-executive Chairman of the Company and \$10,000 per month for acting as a consultant of the Company; and
  - Steven Bliim: €13,000 base salary plus allowance for travel and home office of €225 per month for acting as COO and Executive Director of the Company.
- The number of securities previously issued under the PRP to the proposed recipients under Resolutions 4A to 4C are set out below. There was no acquisition price:
  - Graham Mirabito: 250,000 Class A Performance Rights, 125,000 Class B Performance Rights and 125,000 Class C Performance Rights (refer Appendix 3G released to ASX on 7 September 2020);
  - Ted Pretty: 1,375,000 Class A Performance Rights, 687,500 Class B Performance Rights and 687,500 Class C Performance Rights (refer Appendix 3G released to ASX on 7 September 2020); and
  - Steven Bliim: 1,250,000 Class A Performance Rights, 6,125,000 Class B Performance Rights and 6,125,000 Class C Performance Rights (refer Appendix 3G released to ASX on 7 September 2020).
- Full terms of the Performance Rights are set out in Annexure C.
- The Company will issue the Performance Rights 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 ASX Listing Rules).
- The Performance Rights will be granted for nil consideration. Upon exercise, the Performance Rights will convert to Shares on a one for one basis on the same terms as the Company's existing Shares.
- A summary of the terms of the PRP is set out in Annexure D.
- The Company confirms the following:

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- Details of any securities issued under the PRP will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14; and
- Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the PRP after these resolutions are approved and who were not named in the Notice will not participate until approval is obtained under ASX Listing Rule 10.14.
- A voting exclusion statement for Resolutions 4A to 4C is included in the Notice.

#### *Corporations Act*

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Each of the proposed recipients of Performance Rights under Resolutions 4A to 4C inclusive are Directors of the Company and are therefore related parties of the Company as defined under the Corporations Act.

Section 211 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given to the related party as an officer of the Company and to give the remuneration would be reasonable given:

- (a) the circumstances of the Company; and
- (b) the related party’s circumstances (including the responsibilities involved in the office or employment).

The Company considers the proposed issue is reasonable remuneration and, as such, fall within the exception set out in section 211 of the Corporations Act.

In reaching this view, the Company has considered the respective positions and responsibilities of each of the Directors, the need for the Company to effectively incentivise each of the Directors to attract and retain high calibre staff while aligning the incentive with increasing shareholder value, and the Company’s decision to move away from short-term incentive payments and further explore incentives that are linked with sales growth.

Notwithstanding the above, and although no Director participated in the discussion of decision making process in respect of performance rights proposed to be issued to them, the Directors acknowledge that Resolutions 4A to 4C separately relate to all directors of the Company. Accordingly, the Directors propose that Resolutions 4A to 4C each also be put to shareholders for the purposes of section 195(4) of the Corporations Act such that shareholders determine whether the named related parties will be issued Performance Rights as set out in the table on page 17 of this Memorandum.

If Resolutions 4A to 4C are passed, the related parties noted in the table on page 17 of this Memorandum will be issued the Performance Rights set out in the table on page 17 of this Memorandum.

#### **RESOLUTIONS 5A to 5C: VARIATION OF TERMS OF SECURITIES – PERFORMANCE RIGHTS**

On 7 September 2020, the Company issued an aggregate of 6,250,000 performance rights (**Existing Performance Rights**), comprising 3,125,000 Class A Performance Rights, 1,562,500 Class B Performance Rights and 1,562,500 Class C Performance Rights. Further details are set out in the Appendix 3G released to ASX on 7 September 2020.

Of the 6,250,000 Existing Performance Rights, 5,750,000 were issued to the Directors of the Company with shareholder approval, which was obtained at the 2020 annual general meeting on 25 August 2020.

The Company seeks shareholder approval for the purposes of the ASX Listing Rules to amend the terms of the Existing Performance Rights to include an additional alternate milestone relating to market capitalisation for the conversion of the classes of the Existing Performance Rights as set out in the table below:

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Class	Number	Existing milestone	Proposed additional milestone	Milestones after variation
Class A Performance Rights	3,125,000	the VWAP of ordinary shares of the Company being not less than \$0.06 (6 cents) per share for any 5 ASX-trading day period	The Company achieving a market capitalisation equal to or greater than \$13,000,000 for five consecutive trading days.	(a) the VWAP of ordinary shares of the Company being not less than \$0.06 (6 cents) per share for any 5 ASX-trading day period; or (b) The Company achieving a market capitalisation equal to or greater than \$13,000,000 for five consecutive trading days.
Class B Performance Rights	1,562,500	the VWAP of ordinary shares of the Company being not less than \$0.08 (8 cents) per share for any 5 ASX-trading day period	The Company achieving a market capitalisation equal to or greater than \$17,000,000 for five consecutive trading days.	(a) the VWAP of ordinary shares of the Company being not less than \$0.06 (6 cents) per share for any 5 ASX-trading day period; or (b) The Company achieving a market capitalisation equal to or greater than \$17,000,000 for five consecutive trading days.
Class C Performance Rights	1,562,500	the VWAP of ordinary shares of the Company being not less than \$0.10 (10 cents) per share for any 5 ASX-trading day period	The Company achieving a market capitalisation equal to or greater than \$22,000,000 for five consecutive trading days.	(a) the VWAP of ordinary shares of the Company being not less than \$0.06 (6 cents) per share for any 5 ASX-trading day period; or (b) The Company achieving a market capitalisation equal to or greater than \$22,000,000 for five consecutive trading days.

For the avoidance of doubt, if the Existing Performance Rights are varied as sought under Resolutions 5A to 5C, only one of milestones would be required to be satisfied for the Existing Performance Rights to convert to ordinary shares. The terms of the Existing Performance Rights are consistent with the terms of performance rights the subject of Resolutions 4A to 4C which are set out in Annexure C, other than the milestones and the expiry date (7 September 2025 for the Existing Performance Rights). The full terms of the Existing Performance Rights are set out in the Notice of 2020 Annual General Meeting released to ASX on 27 July 2020.

The amendments to the terms of the Existing Performance Rights are proposed to:

- make the milestones for the Existing Performance Rights consistent in structure with those of the performance rights proposed to be issued to the Brace168 Vendors and for which shareholder approval is sought under Resolutions 4A to 4C; and
- reflect that the position of the Company has fundamentally changed since the approval and issue of the Existing Performance Rights having regard to the Transaction, Placement and capital raising, such that the inclusion of the additional alternate market capitalisation milestone is considered appropriate.

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If shareholders pass Resolutions 5A to 5C then the terms of the Existing Performance Rights will be varied to include an additional alternate market capitalisation milestone for each class of the Existing Performance Rights as set out in the table above. If shareholders do not approve Resolutions 5A to 5C then the terms of the Existing Performance Rights will remain the same as currently constituted with only the single milestone for conversion for each class of the Existing Performance Rights.

The following information is provided for the purposes of the ASX Listing Rules:

- The Existing Performance Rights are held by the following persons (and/or their nominee(s)):
  - Graham Mirabito: 500,000 Existing Performance Rights (250,000 Class A Performance Rights, 125,000 Class B Performance Rights and 125,000 Class C Performance Rights (refer Appendix 3G released to ASX on 7 September 2020));
  - Ted Pretty: 2,750,000 Existing Performance Rights (1,375,000 Class A Performance Rights, 687,500 Class B Performance Rights and 687,500 Class C Performance Rights (refer Appendix 3G released to ASX on 7 September 2020)); and
  - Steven Bliim: 2,500,000 Existing Performance Rights (1,250,000 Class A Performance Rights, 6,125,000 Class B Performance Rights and 6,125,000 Class C Performance Rights (refer Appendix 3G released to ASX on 7 September 2020)); and
  - Unrelated employee(s) of the Company and/or its subsidiaries: 500,000 Existing Performance Rights (250,000 Class A Performance Rights, 125,000 Class B Performance Rights and 125,000 Class C Performance Rights (refer Appendix 3G released to ASX on 7 September 2020)).
- Of the 6,250,000 Existing Performance Rights, 5,750,000 in aggregate are held by Graham Mirabito, Ted Pretty and Steven Bliim (and/or their nominee(s)), each of whom is a Director of the Company. The issue of Existing Performance Rights to them was approved by shareholders at the 2020 annual general meeting on 25 August 2020. The remaining 500,000 Existing Performance Rights are held by unrelated employee(s) of the Company and/or its subsidiaries.
- The terms of the Existing Performance Rights are consistent with the terms of performance rights the subject of Resolutions 4A to 4C which are set out in Annexure C, other than the milestones and the expiry date (7 September 2025 for the Existing Performance Rights). The full terms of the Existing Performance Rights are set out in the Notice of 2020 Annual General Meeting released to ASX on 27 July 2020.
- The Existing Performance Rights will convert to shares on a one for one basis (total 6,250,000 shares). Assuming the Consideration Shares are issued and the Rights Issue raises \$1 million, the below table shows the impact of conversion of the Existing Performance Rights on the share capital of the Company:

	<b>Number</b>	<b>% of total</b>
Existing ordinary shares (includes 7,286,305 LSP shares)	168,640,020	77.39%
Consideration Shares	21,750,000	9.98%
Shares under Rights Issue	21,276,597	9.76%
Shares issued on conversion of Existing Performance Rights	6,250,000	2.87%
<b>Total</b>	<b>217,916,617</b>	<b>100%</b>

- A voting exclusion as set out in the Notice applies to Resolutions 5A to 5C.

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Per the Notice of 2020 Annual General Meeting released to ASX on 27 July 2020, the Company previously formed the view that the Existing Performance Rights constituted reasonable remuneration for the purposes of Chapter 2E of the Corporations Act and maintains that position in respect of the Existing Performance Rights following the proposed amendment the subject of Resolutions 5A to 5C.

*Note: references in the Notice and the Memorandum to “\$” are to Australian currency.*

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**ANNEXURE A  
SUMMARY OF TERMS SHEET**

The Company entered into a binding terms sheet (**Terms Sheet**) to acquire 100% of the issued capital in cyber security services platform Brace168 Pty Limited (**Brace168**) from the shareholders of Brace168 (**Brace168 Vendors**). The Terms Sheet terminates on 28 February 2021, the end of the **Exclusivity Period**.

A summary of the Terms Sheet is set out below:

*Consideration*

The aggregate consideration payable by the Company to the Brace168 Vendors under the Transaction comprises:

- \$2 million in cash at completion of the Transaction;
- 21,750,000 fully paid ordinary shares (**Consideration Shares**) and 5,437,500 options (each with an exercise price of \$0.08 (8 cents), expiring 12 months from issue of the Placement Options, upon exercise, entitle the holder to one ordinary share in the Company and otherwise having terms as set out in Annexure B) (**Consideration Options**). The Consideration Shares and Consideration Options shall be voluntarily escrowed until 30 September 2021;
- 7,100,000 fully paid ordinary shares if at the conclusion of Brace168's FY2021 (12 months to 30 June 2021), the revenue of Brace168 is greater than \$3 million (**Milestone One Shares**);
- 7,100,000 fully paid ordinary shares if at the conclusion of CPT's FY2022 (12 months to 31 March 2022), the revenue of Brace168 for that period is greater than \$5 million (**Milestone Two Shares**); and
- \$1 million in cash, payable 12 months from completion of the Transaction. The Brace168 Vendors may elect to receive this cash amount in fully paid ordinary shares if the Company fails to make payment within 20 business days of the due date (**Conversion Option**). The Conversion Option will require the Company to issue the Brace168 Vendors fully paid ordinary shares (**Conversion Option Shares**) with an aggregate value of \$1 million, with the number of Conversion Option Shares to be issued calculated by dividing \$1 million by the lower of the 15 day VWAP prior to completion of the Transaction or a discount of 15% to the 15 day VWAP at the date that the Brace168 Vendors exercise the Conversion Option.

In addition to the securities forming the consideration under the Transaction as described above, the Company proposes issuing the following securities:

- An aggregate of 10 million performance rights to Greg Bunt and Matt Miller, the key management personnel of Brace168, as follows:
  - 5 million performance rights (2,500,000 to each of Greg and Matt) that convert to ordinary shares upon and subject to:
    - the Company trading above \$0.10 (10 cents) for five consecutive trading days; or
    - the Company achieving a market capitalisation equal to or greater than \$22,000,000 for five consecutive trading days (which is not currently included in the Terms Sheet however is a variation as agreed between the Company and the Brace168 Vendors and shall form part of the formal documentation for the Transaction),on or before the date that is five years from issue, failing which the performance rights lapse; and
  - 5 million performance rights (2,500,000 to each of Greg and Matt) that convert to ordinary shares upon and subject to Brace168's FY2021 (12 months to 30 June 2021) revenue being greater than \$3 million, failing which the performance rights immediately lapse.

The full terms of the performance rights are set out in Annexure C. These performance rights are proposed to be issued under the PRP

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- Share based incentives to the employees of Brace168 (which may include loan plan shares), the number of which is yet to be determined under the SOP and/or LSP

#### *Conditions Precedent*

The conditions precedent to the completion of the Transaction includes:

- The Company's completion of accounting, tax and legal due diligence of Brace168;
- Both the Company and Brace168 finalising any tax structuring advice relating to the Transaction;
- The Company obtaining shareholder and regulatory approvals and waivers for the issue of Consideration Shares, Consideration Options, Milestone One Shares, Milestone Two Shares, Conversion Options and performance rights;
- Completion of Brace168's reverse due diligence on the Company and its existing business; and
- The Company and Brace168 agreeing to the terms of documents of the Transaction includes the Sale and Purchase Agreement.

The completion of the documents of the Transaction will be conditional on the following:

- Senior members of Brace168's management team signing a letter confirming their intent to remain with Brace168 on terms no less favourable than their current arrangements;
- Greg and Matt agreeing to a service agreement for a minimum of the milestone period (until 31 March 2022) (**Milestone Period**). Both Greg and Matt shall receive an initial salary of \$200,000 pa (plus statutory superannuation) and a 15% STI increasing to \$225,000 (plus statutory superannuation) and a 15% STI upon Brace168 generating \$3.0 million of revenue until the Milestone Period. At the end of the Milestone Period, a benchmarking process will be undertaken to determine market-based remuneration, which will align with the Company's annual performance review process;
- The Company successfully completing a capital raising of not less than \$2 million growth capital to finance the growth objectives of Brace168, and all necessary shareholder approvals for the Transaction;
- Brace168 to be run in the ordinary course between the date of the Terms Sheet and the completion of the Transaction; and
- There being no material adverse event affecting the Company or Brace168 prior to completion of the Transaction, the threshold being Brace168 losing 25% or greater of its recurring revenue as a result of the Transaction being announced to the market.

#### *Warranties and Indemnities*

Customary representations and warranties (given on an indemnity basis) will be provided by both the Company and, jointly and severally, by the Brace168 Vendors and Greg and Matt and be included in the documents of the Transaction.

In addition, the Company warrants that:

- The Company and the executive management are unaware of any issue (other than the intention to undertake capital raising as required) that would result in a material adverse change in the financial status of the Company or a material dilution in the shareholding of Greg and Matt other than any capital raising contemplated as part of the Transaction;
- All material liability has been disclosed;
- No information is being held back under an exemption from ASX Listing Rule 3.1;

- Brace168 will be managed as a separate business unit for the duration of the Milestone Period with an agreed level of working capital provided to the business to enable Brace168 to execute its business plan, which may include hiring staff;
- The Company will not seek to adversely vary the terms on which employees and contractors of Brace168 are engaged without the consent of the Brace168 Vendors;
- The Company will benchmark the remuneration packages for both Greg and Matt following the Milestone Period against not only the open market but also the remuneration packages of other fellow CPT employees.
- The Company will not during the Exclusivity Period enter into formal discussions with another target business that may be a direct competitor of Brace168;
- During the Milestone Period, the Brace168 Vendors will participate in the Company's weekly management calls and have the ability to access and/or review the Company's monthly Board reports, so long as the Brace168 Vendors do not share these reports outside of the Company;
- Under no circumstances will either Greg or Matt individually hold greater than 19.9% of the fully diluted issued capital of Brace168 as a result of the Transaction; and
- Greg or Matt will have the right to appoint a Director to the Board of the Company within 30 days of the Milestone Period, if Milestone 2 is satisfied, subject to notice to the Company and the nomination of a suitably qualified Director.

#### *General Terms*

- The Terms Sheet will be governed by the laws of New South Wales and subject to the non-exclusive jurisdiction of the court of New South Wales.
- The terms and conditions of the Terms Sheet shall be treated as confidential information by the Company and Brace168. The confidentiality provided for, or recognised by, this Terms Sheet survives the termination of the Term Sheet.

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**ANNEXURE B**  
**TERMS OF OPTIONS**

Consideration Options, Placement Options, Broker Options and options issued under the Rights Issue (collectively the **Options** for the purposes of these terms) have common terms as set out below and all expire on the date that is 12 months from issue of the Placement Options:

- (a) Each Option entitles the holder to acquire one fully paid ordinary share (**Share**) in the capital of the Company. The Company proposes applying for official quotation (listing) of the Options.
- (b) The exercise price is \$0.08 (8 cents) (**Exercise Price**) per Option.
- (c) Each Option is exercisable at any time prior to 5:00pm Melbourne time on the date that is 12 months from issue of the Placement Options (**Expiry Date**).
- (d) Options may be exercised by providing written notice together with payment for the number of Shares in respect of which Options are exercised to the registered office of the Company.
- (e) Any Option that has not been exercised prior to the Expiry Date or cancelled in accordance with these terms shall automatically lapse.
- (f) An Option shall not be able to be exercised (and the Company will not be required to issue Shares upon such exercise) if it would be unlawful to do so.
- (g) The Exercise Price is payable in full upon exercise of Options.
- (h) All Shares issued upon exercise of Options will rank pari passu in all respect with, and have the same terms as, the Company's then issued fully paid ordinary shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of Options, subject to any restriction obligations imposed by ASX and the Company being listed on ASX at the relevant time. The Options will not give any right to participate in dividends until shares are issued pursuant to the terms of the relevant Options.
- (i) There are no participation rights or entitlements inherent in the Options. Option holders are not entitled to participate in new issues of securities offers to shareholders without first exercising the Option. Prior to the Expiry Date and if required by the ASX Listing Rules, the Company will send notices to option holders in accordance with the time limits required by the ASX Listing Rules in respect of offers of securities made to shareholders.
- (j) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- (k) Options will otherwise have the terms as required by ASX and the ASX Listing Rules.

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**ANNEXURE C**  
**TERMS OF PERFORMANCE RIGHTS**

The terms of Performance Rights are set out below:

- (a) A Performance Right is a right to receive a Share in the capital of the Company subject to satisfaction of an Applicable Milestone (refer to (l) below).
- (b) A Performance Right lapses when the Applicable Milestone is no longer capable of being achieved (Lapse Date).
- (c) A Performance Right does not entitle the Holder to attend, or vote on any resolutions proposed at, a general meeting of shareholders of the Company.
- (d) A Performance Right does not entitle the Holder to any dividends.
- (e) Upon winding up of the Company, a Performance Right may not participate in the surplus profits or assets of Company.
- (f) A Performance Right is not transferable unless otherwise determined by the Board.
- (g) In the event that the issued capital of the Company is reconstructed, and the Company is listed on ASX at the relevant time, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holders are not diminished or terminated.
- (h) This clause applies whilst the Company is listed on ASX. Performance Rights will not be quoted on ASX. Upon conversion of a Performance Right in an ordinary share in the Company (Share) in accordance with these terms, the Company must within seven (7) days from the date of conversion, apply for and use best endeavours to obtain official quotation on ASX of the Shares arising from conversion.
- (i) Holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) This clause applies whilst the Company is listed on ASX. The terms of the Performance Rights may be amended as necessary by the Board to comply with the ASX Listing Rules, or any direction of ASX regarding the terms provided that, subject to compliance with the ASX listing rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (k) A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (l) Subject to paragraph (m) below, a Performance Right will convert into one fully paid ordinary share in the Company (a Share) if upon the achievement of the milestone applicable to that Performance Right prior to the Lapse Date (the Applicable Milestone). The Applicable Milestone for a Performance Right will be specified in the terms of issue of or invitation to apply for the Performance Right.
- (m) The continued service of the Holder is not a condition of the Performance Right, and those rights will not lapse if the Holder ceases to be an employee or director of the Company.
- (n) In the event the Applicable Milestone(s) is satisfied prior to the Lapse Date, Performance Rights held by a Holder will convert into an equal number of Shares. Only those Performance Rights to which the satisfied Applicable Milestone was the milestone will convert to Shares and all other Performance Rights will remain unconverted until the earlier of satisfaction of the Applicable Milestone applying to them or the Lapse Date. The conversion of Performance Rights is subject to applicable laws and, in particular, the conversion not resulting in a breach of section 606 of the Corporations Act 2001 (Cth).

- (o) If the Applicable Milestone for a Performance Right is not achieved by the Lapse Date, all Performance Rights for which that milestone is the Applicable Milestone will lapse and be deemed to have been cancelled without payment or other compensation to the Holder.
- (p) The Shares into which the Performance Rights will convert will rank pari passu in all respects with existing Shares and, if the Company is listed on ASX, an application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- (q) The conversion of Performance Rights is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX (if the Company is listed on ASX at the relevant time)

**ANNEXURE D**  
**SUMMARY OF CIPHERPOINT PERFORMANCE RIGHTS PLAN**

The Company proposes adopting the PRP as a long-term incentive plan aimed at creating a strong link between Director and key management personnel performance and reward and increasing shareholder value by enabling current or prospective Directors and key management personnel (each an **Eligible Person**) to have greater involvement, and share in, future growth and profitability of the Company.

Shareholder approval for adoption of the PRP will be sought at the Shareholder Meeting.

Under the PRP, the Board may offer rights to acquire shares (**Performance Rights**) to Eligible Persons. An Eligible Person (or their nominee) who validly accepts an offer becomes a participant in the PRP. Performance Rights may only be transferred upon a Participant becoming deceased.

Any issues of Performance Rights or agreements to issue Performance Rights under the PRP will be announced to ASX.

The Board will determine what Applicable Milestones apply to Performance Rights, including the date by which such Applicable Milestones must be satisfied and any applicable vesting conditions. Satisfaction of Applicable Milestones (including vesting) is as determined by the Board.

Upon satisfaction of all Applicable Milestones, shares will automatically issue and be transferred to the Participant (unless prohibited by the Corporations Act or if the Company is in a blackout period as defined in the Company's Securities Trading Policy) in which case the shares shall be transferred as soon as reasonably practicable.

Unless otherwise determined by the Board, the Performance Rights will lapse on the earlier of Applicable Milestones not being satisfied by the set date or if the Participant ceases to be an Eligible Person and has not been employed or otherwise engaged by the Company for a continuous period of 18 months from issue of the Performance Rights.

If an Eligible Person ceases their employment or office with the Company and/or its subsidiaries due to total and permanent disability or death, any Performance Rights inure for the benefit of the estate of the Participant.

The Board has discretion to administer the Plan (which may be delegated to a committee), including in the event of a variation to the Company's share capital to adjust the terms of Performance Rights, as well as determine to suspend, terminate or reinstate the Plan without notice. The Plan and any offers of Performance Rights under it are subject to the law, the ASX Listing Rules and the Constitution.

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**ANNEXURE E**  
**SUMMARY OF CIPHERPOINT SHARE OPTION PLAN**

**(a) Eligibility**

The Board may invite full or part time employees and directors of the Company or a related body corporate of the Company who are resident in the United States of America (or other jurisdictions outside of Australia) to participate in the SOP (**Eligible Employee**).

**(b) Offer of Options or Shares**

The SOP will be administered by the Board which may, in its absolute discretion, offer Options or rights to subscribe for Shares (**Rights**) to any Eligible Employee from time to time as determined by the Board.

**(c) Number of Options**

The number of Options or Rights to be offered to an Eligible Employee will be determined by the Board in its discretion and in accordance with the rules of the SOP and applicable law.

**(d) Conversion**

Each Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company. The Rights will be convertible in accordance with their terms of grant.

**(e) Issue price**

The exercise price for Options offered, and for Rights granted, under the SOP will be determined by the Board but will not be less than 100% of the fair market value of Shares on the date of grant.

**(f) Issue conditions**

The Board may impose conditions on the right of a participant to exercise Options or Rights granted under the SOP.

**(g) Exercise of Options**

A participant in the SOP will be entitled to exercise their Options or Rights in respect of which the exercise conditions have been met provided the Options or Rights have not lapsed. A holder may exercise Options or Rights by delivering an exercise notice to the Company Secretary along with the Option certificate (if Options are issued under the SOP), and paying the applicable exercise price of the Options multiplied by the number of Options proposed to be exercised or the consideration for exercise of the Rights.

Within 20 Business Days of receipt of the required items, the Company will issue to the participant the relevant number of Shares.

**(h) Cessation of employment**

**(i) For any reason (other than as a result of death or permanent disability, or for Cause)**

If the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate for any reason (other than as a result of death or permanent disability, or for Cause) prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, the participant will be entitled to exercise their Options within 3 months after the employment of such participant ceases.

**(ii) Death or permanent disability**

If the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate as a result of death or permanent disability prior to the lapse

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of the Options, and the exercise conditions attaching to the Options have been met, the participant (or its estate) will be entitled to exercise their Options within 12 months after the employment of such participant ceases.

(iii) **For Cause**

If the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate for Cause prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, their Options will lapse automatically.

In this clause, "**Cause**" means (i) failure by the participant to substantially perform his or her duties and obligations to the Company or a related body corporate (other than any such failure resulting from his or her incapacity due to physical or mental illness); (ii) engaging in misconduct or a fiduciary breach which is or potentially is materially injurious to the Company or its shareholders; (iii) commission of an indictable offence; (iv) the commission of a crime against the Company which is or potentially is materially injurious to the Company; (v) a material breach of any written agreement between the participant and the Company or a related body corporate; or (vi) as otherwise provided in any written employment agreement between the participant and the Company or a related body corporate.

(i) **Lapse of Options and Rights**

Options and Rights held by a participant in the SOP will lapse after the expiration of five (5) years after the date the Option is granted.

(j) **Participation in Rights Issues and Bonus Issues**

The Options and Rights granted under the SOP do not give the holder any right to participate in new issues unless Shares are allotted pursuant to the exercise of the relevant Options or Rights prior to the record date for determining entitlements to such issue.

If there is a bonus issue to holders of Options or Rights, the number of Shares that the holder may be issued upon exercise of the Options or Rights may be increased by the number of Shares that the holder would have received if the Options or Rights had been exercised prior to the record date of the bonus issue. No adjustment will be made to the exercise price per Share of the Option or Right.

(k) **Reorganisation**

If there is a reorganisation of the issued capital of the Company, the Options and Rights will be reorganised in the same proportion as the issued capital of the Company is reorganised.

(l) **Change in Control**

Subject to the terms upon which Options were issued or Rights were granted, where a change of control event has occurred, or in the opinion of the Board, will occur, the Board may determine the manner in which Options will be dealt with so that each Option holder remains in a financial position in respect of the Options which is as near as possible as to that which existed prior to the change of control event.

(m) **Transfer**

Rights under the SOP may not be transferred. Options under the SOP may be transferred with the consent of the Board.

The SOP contains provisions which relate to compliance with various US taxation laws including section 409A and section 422 of the Internal Revenue Code of 1986.

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**ANNEXURE F**  
**SUMMARY OF CIPHERPOINT LOAN SHARE PLAN**

- (a) **Eligibility:** Participants in the LSP may be salaried employees or executive or (where approved by the Board non-executive) directors of the Company or any of its subsidiaries (**Employee Participants**).
- (b) **Administration of Plan:** The Board, or a duly appointed committee of the Board, is responsible for the operation of the LSP.
- (c) **Invitations:** The Board of Directors may issue an invitation to the Employee Participant to participate in the LSP. The invitation will:
- (i) invite applications for the number of shares (**Plan Shares**) specified in the invitation;
  - (ii) specify the date of issue of the Plan Shares;
  - (iii) specify the issue price for the Plan Shares;
  - (iv) invite applications for a loan up to the amount payable in respect of the Plan Shares accepted by the Employee Participant in accordance with the invitation;
  - (v) any vesting conditions applicable to the Plan Shares; and
  - (vi) specify any other terms and conditions attaching to the Plan Shares.

The number of Plan Shares will be determined at the absolute discretion of the Board.

- (d) **Employee Loan:** An Employee Participant who is invited to subscribe for Plan Shares may also be invited to apply for a loan up to the amount payable in respect of the Plan Shares accepted by the Employee Participant (**Employee Loan**), on the following terms:
- (i) the Employee Loan must be made solely to the Employee Participant and in the name of that Employee Participant;
  - (ii) the Employee Loan will be interest free;
  - (iii) the Employee Loan will be limited recourse, the effect of which is that if all of the Shares issued in respect of the Employee Loan are sold by the Company on behalf of the Employee Participant, the Employee Participant's liability is discharged regardless of the sale price;
  - (iv) the Employee Loan made available to an Employee Participant shall be applied by the Company directly toward payment of the issue price of the Plan Shares;
  - (v) the Employee Loan must be repaid on the earlier to occur of:
    - (A) a Liquidity Event (defined below) occurring;
    - (B) the date on which the Plan Shares have been compulsorily divested in accordance with the Plan rules; and
    - (C) the date on which an Employee Participant disposes of, or attempts to dispose of, the Plan Shares;
  - (vi) an Employee Participant may elect to repay the Employee Loan amount in respect of any or all of the Plan Shares at any time prior to expiry of the term of the Employee Loan;
  - (vii) any fees, charges and stamp duty payable in respect of an Employee Loan will be payable by the Employee Participant;

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- (viii) the Company shall have security over the Plan Shares in respect of which an Employee Loan is outstanding and the company shall be entitled to sell those Plan Shares in accordance with the terms of the LSP; and
- (ix) Plan Shares will not be tradeable by an Employee Participant until the Employee Loan amount in respect of those Plan Shares has been repaid and the Company will retain the share certificate in respect of such Plan Shares until the Employee Loan has been repaid.
- (e) **Divestment of Plan Shares:** If, prior to repayment of an Employee Loan by an Employee Participant, the Employee Participant:
- (i) ceases employment with the Company as a result of the Employee Participant's termination without notice, resignation, gross negligence or serious and wilful misconduct (**Bad Leaver**), does not satisfy any relevant vesting conditions, acts fraudulently or dishonestly, becomes insolvent or fails to repay the Employee Loan on the due date for repayment,
- (A) the Employee Participant will retain all vested Plan Shares; and
- (B) all of the unvested Plan Shares will be compulsorily divested on a date determined by the Board;
- (ii) ceases employment with the Company and is not a Bad Leaver (or the Board considers that the Employee Participant should not be treated as a Bad Leaver):
- (A) the Employee Participant will retain all vested Plan Shares; and
- (B) all of the Employee Participant's Plan Shares will be compulsorily divested on a date determined by the Board, unless the Board provides express written consent that the Employee Participant may retain any or all of such unvested Plan Shares.
- (f) **Liquidity Event:** If a change of control occurs (**Liquidity Event**), or the Board determines such event is likely to occur:
- (i) the Board may in its absolute discretion determine the manner in which any or all of the Employee Participant's Plan Shares (whether vested or unvested) will be dealt with which may include, without limitation, in a manner that allows the Employee Participant to participate in and/or benefit from any transaction arising from or in connection with the Liquidity Event and/or the re-designation of any or all of the Employee Participant's Plan Shares; and
- (ii) if required, the Employee Participant must do and procure all things the Board considers necessary or appropriate to facilitate the variation of the rights of their Plan Shares such that, following such variation, they are ordinary shares in the capital of the Company.
- (g) **Restriction on transfer:** Employee Participants may not sell or otherwise deal with a Plan Share until the Employee Loan amount in respect of that Plan Share has been repaid and until the expiry of the qualifying period in respect of the Plan Shares, if any, that may be imposed by the Board and set out in the invitation.
- (h) **Voting of Plan Shares:** Employee Participants grant to the Company an irrevocable power of attorney pursuant to which it appoints the Company Secretary as its proxy to vote the Plan Shares at its discretion; and
- (i) **Rights attaching to Plan Shares:** Plan Shares will rank equally in all respects (other than with respect to any restrictions on transfer specified above or otherwise imposed by the Board) with other Shares on issue.

**ANNEXURE G**  
**ILLUSTRATIVE EXAMPLES OF IMPACT ON CAPITAL STRUCTURE**

The below table shows the impact of the issue of the Consideration Shares only on the capital structure of the Company:

	Number	% of total
Existing ordinary shares (includes 7,286,305 LSP shares)	168,640,020	88.58%
Consideration Shares	21,750,000	11.42%
<b>Total</b>	<b>190,390,020</b>	<b>100%</b>

The below table shows the impact of issue of the Consideration Shares, exercise of the Consideration Options, issue of the Milestone One Shares and Milestone Two Shares and the conversion of the performance rights to be issued to Greg and Matt:

	Number	% of total
Existing ordinary shares (includes 7,286,305 LSP shares)	168,640,020	76.64%
Consideration Shares	21,750,000	9.89%
Consideration Options	5,437,500	2.47%
Milestone One Shares and Milestone Two Shares (combined)	14,200,000	6.45%
Conversion of performance rights	10,000,000	4.54%
<b>Total</b>	<b>220,027,520</b>	<b>100%</b>

The below table shows the impact of issue of the Consideration Shares, exercise of the Consideration Options, issue of the Milestone One Shares and Milestone Two Shares, the conversion of the performance rights to be issued to Greg and Matt and issue of shares under the Rights Issue (\$1 million (being the further amount after completion of the Placement required under the condition precedent to the Transaction) and approximately \$4 million (being the approximate maximum that may be raised under the Rights Issue) raising amounts):

	Number (\$2 million raised)	% of total	Number (approx \$5 million raised)	% of total
Existing ordinary shares (includes 7,286,305 LSP shares)	168,640,020	69.89%	168,640,020	55.27%
Consideration Shares	21,750,000	9.01%	21,750,000	7.13%
Consideration Options	5,437,500	2.25%	5,437,500	1.78%
Milestone One Shares and Milestone Two Shares (combined)	14,200,000	5.88%	14,200,000	4.65%

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Conversion of performance rights	10,000,000	4.14%	10,000,000	3.28%
Shares under Rights Issue	21,276,597	8.82%	85,106,383	27.89%
<b>Total</b>	<b>241,304,117</b>	<b>100%</b>	<b>305,133,903</b>	<b>100%</b>

The below table shows the impact of issue of the Consideration Shares, exercise of the Consideration Options, issue of the Milestone One Shares and Milestone Two Shares, the conversion of the performance rights to be issued to Greg and Matt and issue of shares under the Rights Issue (\$1 million (being the further amount after completion of the Placement required under the condition precedent to the Transaction) and approximately \$4 million (being the approximate maximum that may be raised under the Rights Issue) raising amounts) and the exercise of free-attaching options to be issued under the Placement and Rights Issue in combination:

	<b>Number (\$2 million raised)</b>	<b>% of total</b>	<b>Number (approx \$5 million raised)</b>	<b>% of total</b>
Existing ordinary shares (includes 7,286,305 LSP shares)	168,640,020	66.94%	168,640,020	50.84%
Consideration Shares	21,750,000	8.63%	21,750,000	6.56%
Consideration Options	5,437,500	2.16%	5,437,500	1.64%
Milestone One Shares and Milestone Two Shares (combined)	14,200,000	5.64%	14,200,000	4.28%
Conversion of performance rights	10,000,000	3.97%	10,000,000	3.01%
Shares under the Rights Issue	21,276,597	8.45%	85,106,383	25.66%
Options under the Placement and Rights Issue	10,638,298	4.22%	26,595,745	8.02%
<b>Total</b>	<b>251,942,415</b>	<b>100%</b>	<b>331,729,648</b>	<b>100%</b>

*Notes to tables:*

- All percentages are rounded to two decimal places.
- The tables do not show the impact of issue of shares if the Brace168 Vendors exercise the Conversion Options on the basis such number of shares cannot be calculated as at the date of the Notice. The issue of shares on exercise of the Conversion Option (if any) will result in the interests of the Brace168 Vendors increasing and the interests of all other shareholders being diluted.
- The tables assume no other convertible securities convert to ordinary shares except as specifically provided for in the relevant table(s).
- If more than \$1 million but less than approximately \$4 million is raised from the Rights Issue, the number of shares and free-attaching options issued will vary from those figures set out in the relevant table(s).