

CIPHERPOINT LIMITED
ABN 61 120 658 497

ADDENDUM
TO THE NOTICE OF THE GENERAL MEETING

This addendum (**Addendum**) is an addendum to the Company's Notice of General Meeting (**Notice**) dated 29 August 2022 for a General Meeting of the shareholders of the Company (**the Meeting**).

The Notice was released as an announcement to ASX on 30 August 2022. The Meeting was postponed to a date to be fixed by announcement on 27 September 2022.

The Meeting is now to be held at Level 5, 189 Queen Street, Melbourne VIC 3000 at 12.00pm (Melbourne time) on Friday, 4 November 2022. Further details of the Meeting and the replacement resolutions are set out in this Addendum.

This Addendum varies the Notice and the Explanatory Memorandum (**Memorandum**) which accompanied and formed part of the Notice, and should be read together with the Notice and the Memorandum. Except as set out in this Addendum, the Notice remains in the same form as released to ASX on 30 August 2022. Unless indicated or defined herein, the defined terms in the Notice and Memorandum have the same meaning in this Addendum.

REASON FOR POSTPONEMENT OF GENERAL MEETING

As announced to ASX on 27 September 2022, the Meeting was adjourned and postponed to a date to be fixed to accommodate proposed variations to the terms of certain items of business to be considered at the Meeting. These items of business related to the deferred and conditional consideration components under the acquisitions by the Company of each of Excite IT Pty Limited (**Excite**) and Virtual Information Technology Pty Limited (**VIT**).

The Company has reached an agreement with the relevant third parties to vary the terms of the issue of securities as consideration under the terms of the Excite and VIT acquisitions and accordingly the Company has replaced Resolutions 1A to 2B of the Notice and the relevant text contained in the Memorandum for Resolutions 1A to 2B (including Annexures A and B to the Memorandum) with the information contained in this Addendum.

SUMMARY OF CHANGES TO RESOLUTIONS

For the sake of clarity the Memorandum in respect of the amended resolutions contained in this Addendum in full. However, by way of summary, the changes to the resolutions are as follows (note all capitalised terms set out in this summary of changes are as defined in the Memorandum to this Addendum):

- The minimum issue price for the Excite Milestone One Shares, Excite Milestone Two Share, VIT Milestone One Shares and VIT Milestone Two Shares has been set at \$0.01 (1 cent), resulting in a maximum of 50,000,000 shares in respect of each of these tranches. If the VWAP issue price calculation with respect to the relevant tranche of shares is higher than \$0.01, a lower number of shares will be issued.
- The milestones for the issue of the Deferred Consideration Shares, Excite Milestone One Shares and Excite Milestone Two Shares and for the conversion of the Excite Performance Rights have been amended to be connected with the Normalised EBITDA performance of the Excite business on a standalone basis.
- Shareholder approval for the issue of the Excite Performance Rights is now being sought for the purposes of ASX Listing Rule 7.1 as part of the overall Excite transaction rather than under ASX Listing Rules 10.14.

POSTPONED MEETING DETAILS

Following confirmation of the variations described above, the Company has re-convened the Meeting to be held at **Level 5, 189 Queen Street, Melbourne VIC 3000 at 12.00pm (Melbourne time) on Friday, 4 November 2022.**

A new proxy form accompanies this Addendum. The new proxy form replaces the proxy form which accompanied the Notice and includes provision to vote on the replacement resolutions in this Addendum.

If you have already returned the old proxy form, you can complete and return the new proxy form to vote on the replacement resolutions (or to change your instructions for any resolutions). Otherwise your old proxy form will continue to be treated as your proxy form for the purposes of the Meeting (other than in respect of the replacement resolutions the subject of this Addendum, being Resolutions 1A to 2B).

The deadline for returning proxy forms is now **12.00pm (Melbourne time) on Wednesday, 2 November 2022.**

REPLACEMENT RESOLUTIONS

The Notice is amended to replace each of Resolutions 1A to 2B in full as follows:

RESOLUTION 1A: APPROVAL FOR 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 7.1 and for all other purposes, shareholders approve the issue of 100,000,000 fully paid ordinary shares at a deemed issue price of \$0.01 (1 cent) per share to the holders of 100% of the issued capital of Excite IT Pty Limited as described in the Memorandum which accompanied and formed part of this Notice.”

A voting exclusion as set out below in this Notice applies to Resolution 1A.

RESOLUTION 1B: APPROVAL FOR 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 7.1 and for all other purposes, shareholders approve the issue of 50,000,000 fully paid ordinary shares at a deemed issue price of \$0.01 (1 cent) per share to the holders of 100% of the issued capital of Excite IT Pty Limited as described in the Memorandum which accompanied and formed part of this Notice.”

A voting exclusion as set out below in this Notice applies to Resolution 1B.

RESOLUTION 1C: APPROVAL FOR 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 7.1 and for all other purposes, shareholders approve the issue of fully paid ordinary shares, the number of which shall be calculated in accordance with the formula in the Memorandum and not exceeding 50,000,000 fully paid ordinary shares, to Bryan Saba (and/or his nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”

A voting exclusion as set out below in this Notice applies to Resolution 1C.

RESOLUTION 1D: APPROVAL FOR 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 7.1 and for all other purposes, shareholders approve the issue of fully paid ordinary shares, the number of which shall be calculated in accordance with the formula in the Memorandum and not exceeding 50,000,000 fully paid ordinary shares, to Bryan Saba (and/or his nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”

A voting exclusion as set out below in this Notice applies to Resolution 1D.

RESOLUTION 1E: APPROVAL FOR ISSUE OF PERFORMANCE RIGHTS

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, shareholders approve the issue of 30,000,000 performance rights (each convertible to one fully paid ordinary share upon satisfaction of an applicable milestone prior to the expiry date) to Bryan Saba (and/or his nominee(s)) as described in the Memorandum which accompanied and formed part of this Notice.”

A voting exclusion as set out below in this Notice applies to Resolution 1E.

RESOLUTION 2A: APPROVAL FOR 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 7.1 and for all other purposes, shareholders approve the issue of fully paid ordinary shares, the number of which shall be calculated in accordance with the formula in the Memorandum and not exceeding 50,000,000 fully paid ordinary shares, to the vendors of Virtual Information Technology Pty Limited as described in the Memorandum which accompanied and formed part of this Notice.”

A voting exclusion as set out below in this Notice applies to Resolution 2A.

RESOLUTION 2B: APPROVAL FOR 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 7.1 and for all other purposes, shareholders approve the issue of fully paid ordinary shares, the number of which shall be calculated in accordance with the formula in the Memorandum and not exceeding 50,000,000 fully paid ordinary shares, to the vendors of Virtual Information Technology Pty Limited as described in the Memorandum which accompanied and formed part of this Notice.”

A voting exclusion as set out below in this Notice applies to Resolution 2B.

Voting Exclusion Statement – Resolutions 1A to 2B

The Company will disregard any votes cast in favour of Resolutions 1A to 2B 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) and any of their associates.

However, this does not apply to a vote cast in favour of Resolutions 1A to 2B 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.*

By the order of the Board



Patrick Gowans
Company Secretary

Dated: 21 October 2022

The accompanying updated Memorandum forms part of the Addendum.

EXPLANATORY MEMORANDUM – AMENDMENT & ADDITIONAL INFORMATION

The Company hereby gives notice of the amendment of the Memorandum which accompanied and formed part of the Notice as set out in this Addendum. The amendment set out in this Addendum replaces the text included in the Memorandum with respect to Resolutions 1A to 2B and Annexures A to C to the Memorandum with the text contained below in this Addendum.

Background to Resolutions 1A and 1B – proposed acquisition of Excite IT Pty Limited

On 28 July 2022, the Company announced that it had entered into a binding but conditional agreement to acquire all of the issued capital of Excite IT Pty Limited (**Excite**), a provider of managed IT and securities services, cloud solutions and automatic. Further details regarding Excite and its business, and the strategic rationale for the proposed acquisition of Excite by the Company are set out in the announcement on 28 July 2022.

Following consultation by the Company with ASX and separate discussions between the Company and Bryan Saba and Nina Saba, the Excite shareholders (**Excite Vendors**) the terms of the deferred and conditional components of the proposed acquisition of Excite were refined including to be related to the performance of the Excite business on a standalone basis.

The material terms of the binding but conditional agreement are set out in Annexure A of the Notice.

Further details are set out below in this Addendum. For the purposes of this Addendum **Normalised EBITDA** is the EBITDA adjusted for non-recurring items including gains on sale of assets, asset write-downs and expenses not incurred in the ordinary course of business, excluding any allocated expenses. Normalised EBITDA expressly excludes any management fee, head office charges, overheads, audit fees, other recharged expenses from CPT and its other subsidiaries (except if VIT or Brace168 provides services to an Excite IT customer, VIT/Brace168 will invoice Excite IT and Excite IT will add a margin and invoice the Excite IT customer), one-off extraordinary revenue items, revenue received in the form of government grants, allowances, rebates or other hand-outs and revenue or profit that has been “manufactured” to achieve the Normalised EBITDA milestone (as referred to in Section 11 of ASX Guidance Note 19). 50% of the salary and bonus of Bryan Saba will be included as an Excite IT expense.

Background to acquisition consideration – Resolutions 1A and 1E

The consideration payable for the acquisition of Excite from the Excite Vendors comprises:

- upfront cash consideration of \$1,250,000 (less any required balance sheet adjustments).
- upfront equity consideration of 100,000,000 fully paid ordinary shares in the capital of the Company (**Consideration Shares**) at a deemed issue price of \$0.01 (1 cent) per Consideration Share. Shareholder approval to issue the Consideration Shares is sought under Resolution 1A.
- \$500,000 as deferred cash consideration, payable on the date that is 12 months from completion.
- 50,000,000 fully paid ordinary shares in the capital of the Company (**Deferred Consideration Shares**) at a deemed issue price of \$0.01 (1 cent) each (50,000,000 Deferred Consideration Shares in total). The issue of the Deferred Consideration Shares is subject to the achievement of Normalised EBITDA for the Excite business on a standalone basis of no less than A\$800,000 for the 12 month period ending 30 September 2023. Whether the milestone for the issue of the Deferred Consideration Shares has been satisfied will be determined by independent audit excluding extraordinary items. Shareholder approval to issue the Deferred Consideration Shares is sought under Resolution 1B.

Issue of the Consideration Shares and the Deferred Consideration Shares are subject to shareholder approval.

The Company will seek a waiver of ASX Listing Rule 7.3.4 to permit the issue of the Deferred Consideration Shares no later than 31 December 2023 and confirmation from ASX that the terms of the Deferred Consideration Shares to be issued upon and subject to the satisfaction of the milestone described above are appropriate and equitable in accordance with ASX Listing Rule 6.1.

The Deferred Consideration Shares are being issued as part of the consideration for the acquisition of Excite and will only be issued if the relevant milestone is achieved. The milestone applicable for the issue of the Deferred Consideration Shares is linked to the standalone performance of the Excite business. The milestone was negotiated by the Company with the rationale of ensuring a portion of the consideration is aligned with the short term performance of Excite. By making a portion of the consideration contingent on the achievement of a Normalised EBITDA, 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 Excite Vendors with those of the shareholders of the Company in seeking ongoing successful performance of Excite.

Bryan Saba, an Excite Vendor, is proposed to be appointed as Managing Director and CEO of the corporate group of the Company as part of the acquisition of Excite. The Company proposes issuing Bryan Saba securities in connection with his appointment as set out in Resolutions 1C to 1E. The issue of these securities are considered to form part of the aggregate consideration for the acquisition by the Company of Excite.

Further details of the securities to be issued to Bryan Saba (and/or his nominee(s)) are set out below:

- \$500,000 of fully paid ordinary shares in the Company (**Excite Milestone One Shares**) that are to be issued subject to the achievement of Normalised EBITDA for the Excite business on a standalone basis of no less than A\$800,000 for the 12 month period ending 30 September 2023. Whether the milestone for the issue of the Excite Milestone One Shares has been satisfied will be determined by independent audit excluding extraordinary items.

If the milestone for the issue of the Milestone One Shares as described above is satisfied, the number of Excite Milestone One Shares issued shall be calculated by dividing \$500,000 by the higher of the 30 day VWAP of the shares of the Company prior to 30 September 2023 or \$0.01 (1 cent). Accordingly, the maximum number of Excite Milestone One Shares that may be issued is 50,000,000. The Excite Milestone One Shares shall be subject to voluntary escrow until 30 June 2024.

Shareholder approval for the issue of the Excite Milestone One Shares is sought under Resolution 1C.

- \$500,000 of fully paid ordinary shares in the Company (**Excite Milestone Two Shares**) that are to be issued subject to the achievement of Normalised EBITDA for the Excite business on a standalone basis of no less than A\$900,000 for the 12 month period ending 30 September 2024. Whether the milestone for the issue of the Excite Milestone Two Shares has been satisfied will be determined by independent audit excluding extraordinary items.

If the milestone for the issue of the Milestone One Shares as described above is satisfied, the number of Excite Milestone Two Shares issued shall be calculated by dividing \$500,000 by the higher of the 30 day VWAP of the shares of the Company prior to 30 September 2024 or \$0.01 (1 cent). Accordingly, the maximum number of Excite Milestone Two Shares that may be issued is 50,000,000. The Excite Milestone Two Shares shall be subject to voluntary escrow until 30 June 2025.

Shareholder approval for the issue of the Excite Milestone Two Shares is sought under Resolution 1D.

- An aggregate of 30,000,000 performance rights (**Excite Performance Rights**). The tranches of Excite Performance Rights are:
 - 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.0 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.
 - 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.1 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.
 - 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.2 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.

Whether the milestone for the conversion of performance rights has been satisfied will be determined by independent audit excluding extraordinary items. Excite Performance Rights expire on 31 December 2025. Shareholder approval for the issue of the Excite Performance Rights is sought under Resolution 1E.

If there is a change of control in the Company prior to 30 June 2024 (control being as defined in section 50AA of the Corporations Act) then the Milestone One Shares and Milestone Two Shares immediately vest and become payable either as fully paid ordinary shares or in cash, at the election of the Excite Vendors.

ASX Listing Rules – Resolutions 1A to 1E

The issue of the securities the subject of Resolutions 1A to 1E are subject to shareholder approval.

Bryan Saba is proposed to be appointed as a Director on and from completion by the Company of the acquisition of 100% of the issued capital of Excite. Accordingly, the Company has reasonable grounds to believe that Bryan Saba will be a Director of the Company in future and therefore Bryan Saba is considered a related party under the ASX Listing Rules and the Corporations Act.

ASX Listing Rule 10.12 Exception 12 provides that shareholder approval for an issue of securities to a related party is not required under ASX Listing Rule 10.11 where the issue is under an agreement or transaction between the entity and the person who would not otherwise be a related party but for the fact that they believe, or have reasonable grounds to believe, that they are likely to become a related party in future because of the agreement or transaction. Accordingly, the Company is not seeking shareholder approval for the purposes of ASX Listing Rule 10.11 for the issue of securities to Bryan Saba. The Company is however seeking approval to issue the securities in connection with the Excite Acquisition for the purposes of ASX Listing Rule 7.1.

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 prior approval of shareholders at a general meeting.

If shareholders:

- Approve Resolutions 1A to 1E, the Company will be able to issue the securities the subject of those Resolutions and proceed with the acquisition of Excite (subject to the satisfaction of conditions precedent.
- Approve some, but not all, of Resolutions 1A to 1E, the Company may seek to negotiate revised terms for the acquisition of Excite however there is no guarantee such negotiation would be successful.
- Do not approve all of Resolutions 1A to 1E then the Company will not be able to issue the securities the subject of those Resolutions and the proposed acquisition by the Company of Excite will not proceed.

The following information is provided in accordance with ASX Listing Rule 7.3 for Resolutions 1A to 1E:

- Consideration Shares (Resolution 1A) and Deferred Consideration Shares (Resolution 1B) are to be issued to Bryan Saba and Nina Saba, the holders of 100% of the issued capital of Excite IT Pty Limited. The Excite Milestone One Shares (Resolution 1C), Excite Milestone Two Shares (Resolution 1D) and Excite Performance Rights (Resolution 1E) are to be issued to Bryan Saba as incoming Managing Director and CEO of the corporate group of the Company.
- The following maximum number of securities are to be issued:
 - Resolution 1A: 100,000,000 fully paid ordinary shares (Consideration Shares).
 - Resolution 1B: 50,000,000 fully paid ordinary shares (Deferred Consideration Shares). The issue of the Deferred Consideration Shares is conditional upon the satisfaction of the milestone for the issue of the Deferred Consideration Shares as described above being satisfied.

- Resolution 1C: up to 50,000,000 fully paid ordinary shares (Excite Milestone One Shares). The number of Excite Milestone One Shares to be issued (assuming satisfaction of the relevant milestone for the issue of the Excite Milestone One Shares) shall be calculated by dividing \$500,000 by the higher of the 30 day VWAP of the shares of the Company prior to 30 September 2024 or \$0.01 (1 cent). The issue of the Excite Milestone One Shares is conditional upon the satisfaction of the milestone for the issue of the Excite Milestone One Shares as described above being satisfied.
- Resolution 1D: up to 50,000,000 fully paid ordinary shares (Excite Milestone Two Shares). The number of Excite Milestone Two Shares to be issued (assuming satisfaction of the relevant milestone for the issue of the Excite Milestone Two Shares) shall be calculated by dividing \$500,000 by the higher of the 30 day VWAP of the shares of the Company prior to 30 September 2024 or \$0.01 (1 cent). The issue of the Excite Milestone Two Shares is conditional upon the satisfaction of the milestone for the issue of the Excite Milestone Two Shares as described above being satisfied.
- Resolution 1E: 30,000,000 performance rights (Excite Performance Rights) in three equal tranches of 10,000,000 with the milestones for conversion as described above.
- All securities the subject of Resolution 1A to 1D are fully paid ordinary shares that rank equally with the existing fully paid ordinary shares on issue in the Company. The terms of the Excite Performance Rights the subject of Resolution 1E are set out in Annexure C.
- The securities the subject of Resolutions 1A to 1E are proposed to be issued as follows:
 - Resolution 1A: Consideration Shares are to be issued at completion of the acquisition of Excite (anticipated for 30 November 2022) and in any event less than 3 months after the date of the Meeting.
 - Resolution 1B: The Deferred Consideration Shares are proposed to be issued on or before 31 December 2023, subject to ASX granting a waiver of ASX Listing Rule 7.3.4 as described above. In the event that ASX does not grant a waiver of ASX Listing Rule 7.3.4 then the Deferred Consideration Shares will not be issued pursuant to the shareholder approval sought under Resolution 1B and the Company may in future refresh the shareholder approval.
 - Resolution 1C: The Excite Milestone One Shares are proposed to be issued on or before 31 December 2023, subject to ASX granting a waiver of ASX Listing Rule 7.3.4 as described above. In the event that ASX does not grant a waiver of ASX Listing Rule 7.3.4 then the Excite Milestone One Shares will not be issued pursuant to the shareholder approval sought under Resolution 1C and the Company may in future refresh the shareholder approval.
 - Resolution 1D: The Excite Milestone Two Shares are proposed to be issued on or before 31 December 2024, subject to ASX granting a waiver of ASX Listing Rule 7.3.4 as described above. In the event that ASX does not grant a waiver of ASX Listing Rule 7.3.4 then the Excite Milestone Two Shares will not be issued pursuant to the shareholder approval sought under Resolution 1D and the Company may in future refresh the shareholder approval.
 - Resolution 1E: Excite Performance Rights are to be issued at completion of the acquisition of Excite (anticipated for 30 November 2022) and in any event less than 3 months after the date of the Meeting.
- The consideration for the issue of the Consideration Shares and the Deferred Consideration Shares is 100% of the issued capital of Excite. The Consideration Shares and Deferred Consideration Shares have a deemed issue price of \$0.01 (1 cent) and form part of the consideration for the acquisition. The Milestone One Shares, Milestone Two Shares and Excite Performance Rights are being issued in connection with the appointment of Bryan Saba as Managing Director and CEO of the corporate group of the Company on and from completion of the Excite acquisition. The issue of these securities are considered to form part of the aggregate transaction consideration for the acquisition by the Company of Excite.

- No funds are being raised from the issue of the securities the subject of Resolutions 1A to 1E which are being issued for the purpose and consideration outlined in the immediately preceding point.
- The securities the subject of Resolutions 1A to 1E are to be issued under or in connection with a binding but conditional agreement to acquire Excite, the material terms of which are summarised in Annexure A.
- A voting exclusion statement as set out in the Notice applies to Resolutions 1A to 1E.

Chapter 2E of the Corporations Act – Resolutions 1A to 1E

As an individual proposed to join the Board of the Company as a director, Bryan Saba is considered a related part of the Company in accordance with Section 228(6) of the Corporations Act.

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the company's members (shareholders). The issue of securities the subject of Resolutions 1A to 1E to Bryan Saba constitutes the giving of a financial benefit as defined under section 229 of the Corporations Act.

Section 210 of the Corporations Act provide an exception to the requirement to obtain shareholder approval for the giving of a financial benefit to a related party where the benefit is given on terms that would be reasonable if the company and the related party were dealing on arms' length or on terms less favourable to the related party than terms that would be reasonable if the company and related party were dealing on arms' length terms.

The existing Directors of the Company have formed the view that the terms of the proposed acquisition of Excite are reasonable, or less favourable to Bryan Saba than terms that would be reasonable in circumstances if the Company and each of the respective parties were dealing on arms' length terms.

The existing directors have formed this view having regard to the following:

- Bryan Saba is not a related party of the Company other than by application of section 228(6) of the Corporations Act which arose solely due to his proposed appointment to the Board of the Company as part of the acquisition by the Company of 100% of the issued capital of Excite.
- The terms of the proposed acquisition by the Company of 100% of the issued capital of Excite was a result of prolonged, robust negotiations between the Company and the Excite Vendors. The parties were free from any undue influence, control or pressure and each had the opportunity to seek and obtain independent advice.
- Bryan Saba has not been, and will not prior to completion be, involved in any Board meeting of the Company or in respect of any internal discussions of the Company.
- The acquisition by the Company of 100% of the issued capital of Excite is subject to shareholder approval.

Having regard to the above, the Company considers the issue of securities the subject of Resolutions 1A to 1E is reasonable and on terms that would be (and in this case have been) offered to parties at arms' length from the Company having regard to the purpose of the issue and falls within the exception set out in section 210 of the Corporations Act.

In addition, 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:

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

The Directors consider the proposed issue of the Excite Milestone One Shares, Excite Milestone Two Shares and Excite Performance Rights are 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 proposed position of Bryan Saba as Managing Director and CEO of the corporate group of the Company with effect upon completion of the acquisition by the Company of 100% of the issued capital of Excite, the reliance of the Company on a limited number of personnel, the need for the Company to incentivise its executives whilst aligning that incentive with increasing shareholder value and the desirability to preserve cash reserves. The Company considers the conditionality of issue of the Excite Milestone One Shares, Excite Milestone Two Shares and Excite Performance Rights is an effective tool to incentivise Bryan Saba whilst preserving cash reserves and aligning his interests with shareholders.

If shareholders approve Resolutions 1A to 1E, Bryan Saba will be issued the securities the subject of those Resolutions (it being noted that the issue of the securities the subject of Resolutions 1B to 1D are conditional upon the satisfaction of relevant milestones as specified above and the conversion of the performance rights the subject of Resolution 1E are subject to the satisfaction of relevant milestones).

Director recommendations – Resolutions 1A to 1E

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

Background to Resolutions 2A and 2B – Milestone securities in connection with VIT acquisition

On 13 October 2021, the Company announced that it had entered into a binding terms sheet to acquire 100% of the issued capital of Virtual Information Technology Pty Limited (**VIT**) from the sole shareholder of VIT (**VIT Vendor**). A summary of the material terms of the terms sheet is set out in Annexure B.

The Company completed the acquisition of VIT on 25 November 2021 and issued the VIT Vendor 10,200,000 fully paid ordinary shares as part consideration for the acquisition under the placement capacity available to the Company under ASX Listing Rule 7.1.

The Company is seeking shareholder approval for the issue of the following deferred securities that are to be issued to the VIT Vendor, subject to and conditional upon satisfaction of the applicable milestone:

- \$500,000 of fully paid ordinary shares (**VIT Milestone One Shares**) divided by the higher of the 15 day VWAP of the Company prior to 31 December 2022 or \$0.01 (1 cent) (maximum of 50,000,000 VIT Milestone One Shares). The issue of the VIT Milestone One Shares was subject to the revenue of VIT being \$900,000 or more for the 12 months ended 30 June 2022, which was achieved. The calculation of the number of VIT Milestone One Shares to be issued was initially proposed to be on the basis of the 15 day VWAP to 30 June 2022, however given the suspension of the securities of the Company from official quotation in June 2022 and recent market conditions, the Company has agreed with the VIT Vendor to amend the calculation to determine the number of VIT Milestone One Shares.
- Up to \$500,000 of fully paid ordinary shares (**VIT Milestone Two Shares**) divided by the higher of the 15 day VWAP of the Company prior to 31 December 2022 or \$0.01 (1 cent) (maximum of 50,000,000 VIT Milestone One Shares). The VIT Milestone Two Shares are to be issued if, any the conclusion of the 12 month ended 30 June 2023, the revenue of VIT is \$1.2 million or more. If the revenue of VIT for the period is less than \$1.2 million but is \$900,000 or more, the number of VIT Milestone Two Shares to be issued shall be reduced on a pro rata basis. If the revenue of VIT for the period is less than \$900,000 then no VIT Milestone Two Shares will be issued. Whether the milestone for the issue of the VIT Milestone Two Shares has been satisfied will be determined by independent audit excluding extraordinary items.

The Company will seek a waiver of ASX Listing Rule 7.3.4 to permit the issue of the VIT Milestone One Shares on or before 31 January 2023 to allow for the relevant VWAP calculation to take place. As noted above, the milestone for issue of the VIT Milestone One Shares has already been achieved.

The Company will seek a waiver of ASX Listing Rule 7.3.4 to permit the issue of the VIT Milestone Two Shares no later than 30 September 2023 and confirmation from ASX that the terms of the VIT Milestone Two Shares to be

issued upon and subject to the satisfaction of the milestone described above are appropriate and equitable in accordance with ASX Listing Rule 6.1.

The Company confirms that the VIT Milestone Two Shares are being issued as part of the consideration for the acquisition of VIT and will only be issued if the relevant milestone is achieved. The milestones applicable for the issue of the VIT Milestone One Shares and VIT Milestone Two Shares respectively are linked to the standalone performance of the VIT business. The milestones were negotiated by the Company with the rationale of ensuring a portion of the consideration is aligned with the short term performance of VIT. By making a portion of the consideration contingent on the achievement of revenue milestones, 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 VIT Vendors with those of the shareholders of the Company in seeking ongoing successful performance of VIT.

ASX Listing Rules

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 prior approval of shareholders at a general meeting.

If shareholders approve Resolutions 2A and 2B, the Company will be able to issue the securities the subject of those Resolutions. The issue of those securities will also increase the capacity of the Company 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 approve Resolutions 2A and/or 2B, the Company may seek to issue the securities under its existing placement capacity under ASX Listing Rule 7.1 and such securities, if issued, will continue to use the placement capacity of the Company under ASX Listing Rule 7.1 until such time as the prior issue of the securities was ratified by shareholders or 12 months after the issue has elapsed.

The following information is provided in accordance with ASX Listing Rule 7.3 for Resolutions 2A and 2B:

- The VIT Milestone One Shares and VIT Milestone Two Shares are to be issued to the VIT Vendor, being the former holder of 100% of the issued capital of Virtual Information Technology Pty Limited.
- The maximum number of fully paid ordinary shares under Resolution 2A (being the VIT Milestone One Shares) is 50,000,000. The number of VIT Milestone One shares to be issued will be equal to \$500,000 divided by the higher of price per VIT Milestone One Share to be calculated on the 15-day VWAP prior to 31 December 2022 or \$0.01 (1 cent). The maximum number of fully paid ordinary shares under Resolution 2B (being the VIT Milestone Two Shares) is 50,000,000. Subject to satisfaction of the applicable milestone for the issue, the number of VIT Milestone Two Shares is equal to \$500,000 divided by the higher the 15-day VWAP prior to 30 June 2023 or \$0.01 (1 cent). The number of VIT Milestone Two Shares will be calculated on the basis of a numerator of less than \$500,000 worth in the event the revenue of VIT for the 12 month period ended 30 June 2023 is less than \$1.2 million but more than or equal to \$900,000. No VIT Milestone Two Shares will be issued if the revenue of VIT for that period is less than \$900,000.
- The VIT Milestone One Shares are proposed to be issued on or before 31 January 2023 and the VIT Milestone Two Shares are proposed to be issued on or before 30 September 2023, subject to ASX granting a waiver of ASX Listing Rule 7.3.4 as described above. In the event that ASX does not grant a waiver of ASX Listing Rule 7.3.4 then the VIT Milestone One Shares and VIT Milestone Two Shares will not be issued pursuant to the shareholder approval sought under Resolutions 2A and 2B and the Company may in future refresh the shareholder approval or seek to issue the VIT Milestone One Shares and VIT Milestone Two Shares under the placement capacity available to the Company under the ASX Listing Rules.
- The consideration for the issue of the VIT Milestone One Shares and VIT Milestone Two Shares is 100% of the issued capital of VIT.
- No funds will be raised from the issue of the VIT Milestone One Shares and/or the VIT Milestone Two Shares, which are being issued as part consideration for acquisition of 100% of the issued capital of VIT.

- The VIT Milestone One Shares and VIT Milestone Two Shares are to be issued under a binding but conditional agreement to acquire VIT, the material terms of which are summarised in Annexure B.
- A voting exclusion statement as set out in the Notice applies to Resolutions 2A and 2B.

Director recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolutions 2A and 2B.

Note: all monetary amounts are in Australian dollars.

ANNEXURE A
SUMMARY OF MATERIAL TERMS OF EXCITE ACQUISITION

The material terms of the binding but conditional agreement under which the Company proposes acquiring Excite IT Pty Limited (**Excite**) is set out below. The issue of all securities under the conditional agreement are subject to shareholder approval which is sought under Resolutions 1A to 1E of the Addendum:

Vendors

Bryan Saba and Nina Saba are the holders of 100% of the issued capital of Excite (**Excite Vendors**).

Bryan Saba is proposed to be appointed as the Managing Director and CEO of the corporate group of the Company. The Company proposes entering into a market based services agreement with Bryan Saba as a condition precedent of the acquisition, including to have further shares issued on conditional short term operating hurdles and the issue of performance rights referable to long term targets of the Company group. Further details are set out below and in Resolutions 1C to 1E of the Addendum and in the Memorandum.

Consideration

The consideration payable for the acquisition of Excite from the Excite Vendors comprises:

- upfront cash consideration of \$1,250,000 (less any required balance sheet adjustments).
- upfront equity consideration of 100,000,000 fully paid ordinary shares in the capital of the Company (**Consideration Shares**) at a deemed issue price of \$0.01 (1 cent) per Consideration Share.
- \$500,000 as deferred cash consideration, payable on the date that is 12 months from completion.
- 50,000,000 fully paid ordinary shares in the capital of the Company (**Deferred Consideration Shares**) at a deemed issue price of \$0.01 (1 cent) each (50,000,000 Deferred Consideration Shares in total). The issue of the Deferred Consideration Shares is subject to the achievement of Normalised EBITDA for the Excite business on a standalone basis of no less than A\$800,000 for the 12 month period ending 30 September 2023. Whether the milestone for the issue of the Deferred Consideration Shares has been satisfied will be determined by independent audit excluding extraordinary items.

Services Agreement

The Company offering, and Bryan Saba accepting, a market based service agreement is a condition precedent. Under the terms of the service agreement the Company proposes issuing the following securities to Bryan Saba (or his nominee(s)):

- \$500,000 of fully paid ordinary shares in the Company (**Excite Milestone One Shares**) that are to be issued subject to the achievement of Normalised EBITDA for the Excite business on a standalone basis of no less than A\$800,000 for the 12 month period ending 30 September 2023. Whether the milestone for the issue of the Excite Milestone One Shares has been satisfied will be determined by independent audit excluding extraordinary items.

If the milestone for the issue of the Milestone One Shares as described above is satisfied, the number of Excite Milestone One Shares issued shall be calculated by dividing \$500,000 by the higher of the 30 day VWAP of the shares of the Company prior to 30 September 2023 or \$0.01 (1 cent). Accordingly, the maximum number of Excite Milestone One Shares that may be issued is 50,000,000. The Excite Milestone One Shares shall be subject to voluntary escrow until 30 June 2024.

- \$500,000 of fully paid ordinary shares in the Company (**Excite Milestone Two Shares**) that are to be issued subject to the achievement of Normalised EBITDA for the Excite business on a standalone basis of no less than A\$900,000 for the 12 month period ending 30 September 2024. Whether the milestone for the issue of the Excite Milestone Two Shares has been satisfied will be determined by independent audit excluding extraordinary items.

If the milestone for the issue of the Milestone One Shares as described above is satisfied, the number of Excite Milestone Two Shares issued shall be calculated by dividing \$500,000 by the higher of the 30 day VWAP of the shares of the Company prior to 30 September 2024 or \$0.01 (1 cent). Accordingly, the maximum number of Excite Milestone Two Shares that may be issued is 50,000,000. The Excite Milestone Two Shares shall be subject to voluntary escrow until 30 June 2025.

- An aggregate of 30,000,000 performance rights (**Excite Performance Rights**). The tranches of Excite Performance Rights are:
 - 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.0 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.
 - 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.1 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.
 - 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.2 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.

Excite Performance Rights expire 31 December 2025.

If there is a change of control in the Company prior to 30 June 2024 (control being as defined in section 50AA of the Corporations Act) then the Milestone One Shares and Milestone Two Shares immediately vest and become payable either as fully paid ordinary shares or in cash, at the election of the Excite Vendors.

Conditions Precedent

The acquisition of Excite by the Company is conditional upon various conditions precedent, including:

- The Company completing due diligence.
- The Company raising sufficient funds for the upfront cash consideration.
- The Company obtaining all necessary shareholder and ASX approvals (which include the approvals sought under Resolutions 1A and 1B).
- The Company offering, and Bryan Saba accepting, a market based service agreement.
- Other completion conditions typical for transactions of this kind, including absence of any material adverse event.

Other terms

The agreement otherwise contains terms typical for an arrangement of this kind including balance sheet adjustment items, provisions for completion and representations and warranties underpinned by indemnities given by each of the parties to the agreement.

ANNEXURE B
SUMMARY OF REMAINING MATERIAL TERMS OF VIT ACQUISITION

The material terms of the agreement under which the Company acquired 100% of the issued capital of Virtual Information Technology Pty Limited (**VIT**). As noted above, the Company completed the acquisition of VIT on 25 November 2021 and issued the VIT Vendor 10,200,000 fully paid ordinary shares as part consideration for the acquisition under the placement capacity available to the Company under ASX Listing Rule 7.1.

The material terms set out herein relate to post-completion provisions:

Deferred consideration

The Company is seeking shareholder approval for the issue of the following deferred securities that are to be issued to the VIT Vendor, subject to and conditional upon satisfaction of the applicable milestone:

- \$500,000 of fully paid ordinary shares (**VIT Milestone One Shares**) divided by the higher of the 15 day VWAP of the Company prior to 31 December 2022 or \$0.01 (1 cent) (maximum of 50,000,000 VIT Milestone One Shares). The issue of the VIT Milestone One Shares was subject to the revenue of VIT being \$900,000 or more for the 12 months ended 30 June 2022, which was achieved. The calculation of the number of VIT Milestone One Shares to be issued was initially proposed to be on the basis of the 15 day VWAP to 30 June 2022, however given the suspension of the securities of the Company from official quotation in June 2022 and recent market conditions, the Company has agreed with the VIT Vendor to amend the calculation to determine the number of VIT Milestone One Shares.
- Up to \$500,000 of fully paid ordinary shares (**VIT Milestone Two Shares**) divided by the higher of the 15 day VWAP of the Company prior to 31 December 2022 or \$0.01 (1 cent) (maximum of 50,000,000 VIT Milestone One Shares). The VIT Milestone Two Shares are to be issued if, any the conclusion of the 12 month ended 30 June 2023, the revenue of VIT is \$1.2 million or more. If the revenue of VIT for the period is less than \$1.2 million but is \$900,000 or more, the number of VIT Milestone Two Shares to be issued shall be reduced on a pro rata basis. If the revenue of VIT for the period is less than \$900,000 then no VIT Milestone Two Shares will be issued. Whether the milestone for the issue of the VIT Milestone Two Shares has been satisfied will be determined by independent audit excluding extraordinary items.

Executive Services Agreement

The Company has entered into an executive services agreement with the founder of VIT that includes a market based salary and the issue of 2.5 million performance rights which occurred on 15 March 2022.

Other terms

The agreement otherwise contains terms typical for an arrangement of this kind including representations and warranties underpinned by indemnities given by each of the parties to the agreement and provisions with respect to confidentiality.

ANNEXURE C
TERMS OF PERFORMANCE RIGHTS

Performance Rights have the following milestones:

- 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.0 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.
- 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.1 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.
- 10,000,000 Excite Performance Rights vest upon Normalised EBITDA for the Excite business on a standalone basis of no less than \$1.2 million in any 12 month period ending either 31 March or 30 September prior to the expiry date.

Reference in this Annexure C to “Applicable Milestone” is to the milestone outlined above applicable to that relevant Performance Rights. The common 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.
- (b) Any Performance Right that has not converted to a Share on or before 31 December 2025 (**Expiry Date**) expire and automatically lapses.
- (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) 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.
- (m) In the event the Applicable Milestone(s) is satisfied prior to the Expiry 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 Expiry 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).
- (n) If the Applicable Milestone for a Performance Right is not achieved by the Expiry 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.
- (o) 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.
- (p) 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).