



## NEW REMUNERATION INCENTIVE FRAMEWORK

Qoria Limited (formerly Family Zone Cyber Safety Limited) (ASX: QOR) ("**Qoria**" or the "**Company**") has established a new KMP and Executive Remuneration Framework ("**Remuneration Framework**") which includes changes to the remuneration packages of the Managing Director, the Non-Executive Directors and the executive & leadership teams.

### Remuneration Framework

The Company had previously established a remuneration incentive scheme to apply through to June 2023. Shareholder approval for Director participation in the securities issues pursuant to this scheme was previously sought when the scheme was put in place in 2021. The Company is now seeking to extend such remuneration incentive scheme for the next 3 financial years (being financial years ending 30 June 2024, 30 June 2025 and 30 June 2026 (**Remuneration Incentive Scheme**)) and is seeking Shareholder approval for the issue of the Director Securities to the Directors under the Remuneration Incentive Scheme.

The Remuneration Incentive Scheme has been developed taking into account the size of the Company's business, the size of the executive team for the business, the nature and stage of development of current operations, market conditions and comparable salary levels for companies of a similar size and operating in similar sectors (the Company undertook an independent benchmarking report as part of this process).

In addition, emphasis has been placed on the following specific issues in determining the remuneration policy for executives in the Company, namely that:

- the Company is in a growth and development stage of its life cycle;
- as the Company is transitioning to being cash flow positive, it is increasing the cash base salaries and reducing the proportion that is issued using equity; and
- given the dot point above, the Company seeks to incentivise and align executives to shareholders through a combination of short and longer term equity based incentives.



The key objectives of the Remuneration Incentive Scheme are to:

- provide competitive rewards to attract and retain high caliber executives;
- align the executives to shareholders by providing both short term and longer term security based remuneration incentives;
- align executives' incentives to the Company's annual recurring revenue targets, positive cash flow, EBITDA targets, strategic objectives and operational milestones;
- link executive rewards to Shareholder value;
- allocate a significant portion of executive remuneration to 'at risk' variable compensation, dependent upon performance and achievement of pre-determined benchmarks; and
- ensure that performance benchmarks are balanced yet demanding.

### **Executive Director Participation - Remuneration Incentive Scheme**

The Remuneration Incentive Scheme separates total remuneration for executives into components which are detailed below. The Company has set percentages of each executive's total remuneration which will be allocated to the various components. The percentages in each component of remuneration vary depending on the management level of the applicable executive.

#### ***Fixed remuneration***

Fixed remuneration or base salary is pay that is linked to the present value or market rate of the employee's role, and is payable in cash. It includes superannuation contributions. The fixed remuneration will be reviewed annually.

#### ***Short Term Incentives***

Short term incentives are broadly linked to the delivery of annual operational objectives. It is currently proposed that such incentives will be awarded annually. It is envisaged that short term incentives will be put in place annually for the applicable financial year.

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Short term incentives and associated performance targets are set by the Board. For the financial year ending 30 June 2024 the performance targets are:

- Achieve budgeted operating cash flow
- Achieve budgeted EBITDA
- Achieve ARR target
- Satisfactory job performance; and
- Satisfactory employee engagement score.

Short term incentive remuneration is payable only in equity by way of the issue of STI Options. The STI Options are zero exercise priced options which have vesting conditions linked to the performance targets.

The number of STI Options that will be issued to each executive each year will be calculated by taking the dollar value of the agreed percentage of the total remuneration which will be satisfied as short term incentives and dividing this number by the volume weighted average market price of the Company Shares calculated over the last 20 days on which the Company Shares were recorded (20-day VWAP) at 30 June each year; for the 2024 Financial Year being 30 June 2023.

### ***Longer Term Incentives***

Longer term incentives have been set by the Board for the next 3 years and will be linked to delivery of the Company' key strategic objectives under its business plan as well as growth in Shareholder value over the current term of the Remuneration Incentive Scheme (i.e. by 30 June 2026). Key longer term strategic objectives are:

- Expand Recurring Revenue – increasing Annual Recurring Revenue (ARR)
- Expand Markets – global market expansion and growth in annual recurring revenues outside the United States of America, United Kingdom and Australia & New Zealand;
- Expand Consumer Products ARR – growth of the Company's ARR through B2B2C sales of consumer products; and
- Maintain high enterprise customer satisfaction – continuing to ensure high levels of customer satisfaction from enterprise customer surveys.

Longer term incentive remuneration is payable in equity by way of LTI Options. The LTI Options are zero exercise priced options which have vesting conditions linked to longer term strategic objectives.

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The number of LTI Options that will be issued to each executive in respect of each of the 3 applicable years will be calculated by taking the dollar value of the agreed percentage of the total remuneration which will be satisfied as long term incentives and dividing this number by the 20-day VWAP of Company Shares at 30 June 2023.

LTI Options will be issued now in relation to the portion of the total remuneration to be satisfied as long term incentives for the next 3 years.

### ***Reward Incentive***

The Reward Incentive is an additional long term incentive linked to the delivery of long term Shareholder performance. The Company has set share price as the market measure to evaluate long term Shareholder value performance.

Reward incentive remuneration is payable in equity by way of TSR Options with various share price vesting targets. The TSR Options have an exercise price of \$0.36 per TST Option which have vesting conditions linked to the achievement of various share price targets. The current TSR Options have a vesting period of 30 June 2026 such that the share price targets need to be achieved by this time.

The number of TSR Options that will be issued to the executive in respect of each of the 3 applicable years has been calculated by taking into consideration current market conditions, recent share price performance and future potential of share price performance if the Company's strategic ambitions are achieved. TSR Options will be issued now in relation to the portion of the total remuneration to be satisfied as reward incentives for the next 3 years.

Currently it is proposed that the only participant in the Reward Incentive will be the Managing Director, Mr Tim Levy.

Further details on the new Remuneration Framework are set out in the Company's Notice of General Meeting dated and lodged with ASX on 14 July 2023.

### **Changes to the Managing Director's Remuneration**

In accordance with ASX Listing Rule 3.16.4, we detail the terms of Managing Director, Mr Tim Levy's employment agreement in Annexure A which has been amended in line with the newly adopted Remuneration Framework.

### **Non-Executive Director Participation**

Total remuneration for non-executive Directors will comprise two components, namely cash remuneration and equity remuneration. Two thirds of each non-executive Director's total remuneration will be satisfied as cash (unless a non-executive director elects to receive a larger

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percentage in equity) and includes superannuation contributions. One third of the total remuneration will be satisfied as equity to align non-executive directors with shareholders.

The equity portion of total remuneration will be satisfied by the issue of NED Director Options. The NED Director Options are zero exercise priced options which have vesting conditions linked to continued service. Should a non-executive Director leave during the year then the pro rata portion of the NED Director Options for that year will vest for the time of service.

The number of NED Director Options that will be issued to the non-executive in respect of each of the 3 applicable years will be calculated by taking the dollar value of the agreed percentage of the total remuneration which will be satisfied as equity and dividing this number by the 20-day VWAP of Company Shares at 30 June 2023. NED Director Options will be issued now in relation to the portion of the total remuneration to be satisfied as equity for the next 3 years.

All security incentives proposed to be issued to Directors are subject to Shareholder approval at a General Meeting to be held on 17 August 2023. For further details please refer to the Company's Notice of General Meeting dated and lodged with ASX on 14 July 2023.

*Authorised for release by the Qoria Board.*

For more information, please contact:

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## **About Qoria**

Qoria is the only truly global provider of digital safety and student well-being solutions. Qoria's innovative integrated suite of best-in-class tools supports the needs of both schools and parents and enables a unique collaboration between them. Australian-based and ASX-listed, Qoria's innovations are rapidly being adopted by school communities globally.

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## ANNEXURE 1: MANAGING DIRECTOR: EXECUTIVE SERVICE AGREEMENT

Effective Date	1 July 2023
Base Salary	Fixed Remuneration of \$500,000 per annum inclusive of statutory superannuation
Performance Based Remuneration	
Short Term Incentive	Mr Levy is entitled to receive, subject to Shareholder Approval, 1,361,359 STI Options.
Long Term Incentive	Mr Levy is entitled to receive, subject to Shareholder Approval, 2,722,721 LTI Options.
Long Term Incentive, Total Shareholder Return	Mr Levy is entitled to receive, subject to shareholder approval: <ul style="list-style-type: none"><li>• 1,000,000 Tranche 1 TSR Options;</li><li>• 1,000,000 Tranche 2 TSR Options; and</li><li>• 1,000,000 Tranche 3 TSR Options.</li></ul>
Termination and Notice	<p>The Company or Mr Levy may terminate the agreement by providing 12 months written notice. The Company may, at its own election, make payment in lieu of notice or request garden leave for the notice period.</p> <p>The Company may terminate the agreement if Mr Levy is unable to perform his duties under the agreement due to illness for 3 consecutive months or an aggregate period of 3 months in any 12 month period.</p> <p>The Company may terminate Mr Levy's employment immediately without notice or payment in lieu of notice in circumstances warranting summary dismissal at law.</p> <p>Mr Levy may terminate the agreement immediately by giving notice in the event of a material breach of the agreement which is not rectified within 12 days. In such circumstances the Company will be required to pay Mr Levy 12 months base salary plus entitlements at the next pay period.</p>
Other Terms	Mr Levy's agreement otherwise contains standard terms and conditions for agreements of its nature including confidentiality, intellectual property protection, non-competition restraints and leave entitlements.

Notes: Refer to Annexure 2 for a summary of the terms of the securities proposed to be issued

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## ANNEXURE 2: SUMMARY OF TERMS OF INCENTIVE SECURITIES PROPOSED TO BE ISSUED

A summary of the key terms of the incentive securities proposed to be issued to Directors under the Company's new Remuneration Framework is outlined below. Refer to the Notice of Meeting lodged with ASX today, 14 July 2023 for full terms and conditions.

Class of Security	Exercise	Vesting Conditions			Vesting Date	Expiry Date
STI Options	Each STI ZEPO will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	<b>Objective</b>	<b>Percentage of STI Options applicable to Objective</b>	<b>Operational Milestones (to be achieved by 30 Jun 2024)</b>	30 June 2024	30 June 2027
		Achieve Budgeted Operating Cashflow	20%	Achieving budgeted operating cash flow target set by the Board.		
		Achieve Budgeted EBITDA	20%	Achieving budgeted EBITDA target set by the Board.		
		Achieve ARR Target	20%	Achieving Annual Recurring Revenue ( <b>ARR</b> ) target set by the Board.		
		Satisfactory job performance	20%	Consistently meet expectations based on Annual Performance Review.		
		Satisfactory employee engagement	20%	Achieve level set by the Board in annual employee surveys		



LTI Option	Each LTI ZEPO will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	Objective	Percentage of LTI Options applicable to Objective	Operational Milestones (to be achieved by 30 Jun 2026)	30 June 2026	30 June 2027
		Expand Recurring Revenue	30%	Achieving annual recurring revenue ( <b>ARR</b> ) above target levels set by the Board.		
		Expand Markets	20%	Achieving ARR outside the United States of America, United Kingdom and Australia & New Zealand above target levels set by the Board.		
		Expand Consumer Products ARR	30%	Achieving ARR growth of the Company's ARR through B2B2C sales of consumer products.		
		Maintaining high enterprise customer satisfaction	20%	Continuing to ensure high levels of customer satisfaction from enterprise customer surveys above targets set by the Board		

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<b>LTI TSR Options</b>	Each Tranche LTI TSR Option entitles the holder to subscribe for one Share upon payment of the exercise price of \$0.36, any time prior to the Expiry Date, once vested.	<b>Tranche</b>	<b>Vesting Condition</b>	30 June 2026	30 June 2027
		Tranche 1 TSR Option	20-day VWAP of \$0.75 by 30 June 2026 and continued service with the Company until 20-day VWAP of \$0.75 is achieved.		
		Tranche 2 TSR Option	20-day VWAP of \$1.00 by 30 June 2026 and continued service until 20-day VWAP of \$1.00 is achieved.		
		Tranche 3 TSR Option	20-day VWAP of \$1.25 by 30 June 2026 and continued service until 20-day VWAP of \$1.25 is achieved.		
<b>NED Director Options</b>	Each Tranche of NED Director Option will convert into one Share for no consideration on exercise by the holder, prior to the Expiry Date, once vested	<b>Tranche</b>	<b>Vesting Condition</b>	30 June 2024 to 2026	30 June 2027
		Tranche 1 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2024.		
		Tranche 2 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2025.		
		Tranche 1 NED Director Option	Continued service of the holder as a director, consultant or employee of the Company until 30 June 2026.		

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