



family zone

To support and
protect every child's
digital journey

For personal use only

HALF YEARLY UPDATE & OUTLOOK DEC HALF 2022

2022 02





Key messages

For personal use only

FAMILY ZONE

Snapshot view of Family Zone - global, scaled, social impact, innovator

ROADMAP

The Company's progress over the past 18 months provides a pathway to breakeven

HALF RESULTS

Show the benefits of scale and improving operating leverage

CIPAFILTER

Grows revenue, talent, client & student base and brings forward breakeven

OUTLOOK

Strong indicators into key sales periods for UK & US edu-tech and SaaS metrics continue to improve

Why Family Zone



OUR PURPOSE

to protect **and** support every child's digital journey.

69% of boys & **23%** of girls have viewed porn by age 13

64% of teens access porn at least once each week

Children's first exposure to porn is between **8 & 10**

88% of porn contains violence against women

42% of teens report being bullied on Instagram

Rates of online bullying have **doubled in 10yrs**

Suicide is the leading cause of death of children in Australia

Teen girls who use social media are most at-risk of suicide



WHY FAMILY ZONE

SOCIAL IMPACT

Keeping our children safe, protecting their mental health and supporting their education.

PROVEN & SCALABLE

11M students & 20K schools across AU, NZ, US and UK. + 38% share in UK and +10% in the US.

SUBSTANTIAL INNOVATION

Technical IP and innovative commercial model aimed at creating cyber safe communities.

RECURRING REVENUE

Rapidly growing contracted recurring revenue at **\$55* million** & growing at **+40%#** per annum.

MASSIVE MARKET

Untapped, fragmented global cyber safety markets in education and consumer.

OPERATING LEVERAGE

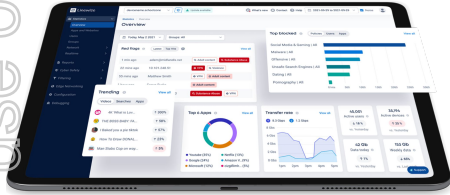
Strong service margins of **+80%** with clear path beyond through scale, engineering and value adds.

* Dec 21 ARR plus Cipafilter. January 22 ARR reconciliation has been not completed. #Organic ARR growth based on Dec half CY 2021.

Positioned to dominate a growing, untapped & fragmented market

For personal use only

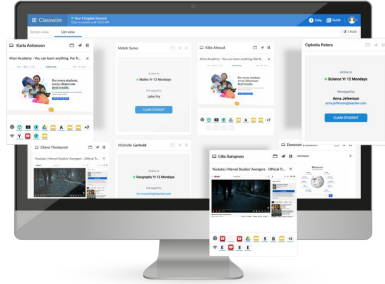
SCHOOLS



- ✓ Broad and strong platforms
- ✓ Market leader in UK
- ✓ Taking share in US
- ✓ Strength is integration
- ✓ 70-90% service margins

UK, US, ANZ TAM
USD 216 Million

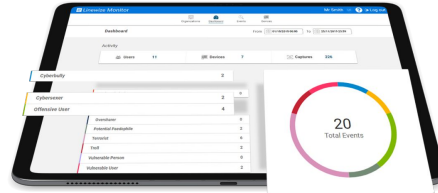
CLASSROOMS



- ✓ Competitive product
- ✓ Investing to expand
- ✓ Strength is integration
- ✓ 80-90% service margins

UK, US, ANZ TAM
USD 252 Million

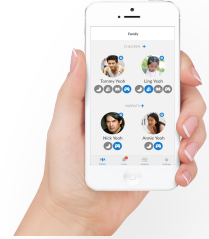
SAFEGUARDING



- ✓ Market leading product
- ✓ Upsells / x-sells taking off
- ✓ Opportunities to expand
- ✓ Strength is integration
- ✓ 60-80% service margins

UK, US, ANZ TAM
USD 432 Million

PARENTS



- ✓ Competitive product
- ✓ Innovative EDU GTM
- ✓ US launch underway
- ✓ Reg' changes clear path
- ✓ 80-90% service margins

UK, US, ANZ TAM
USD 5.2 Billion

Emerging product lines

New and value added and premium product lines are becoming available particularly in data analytics and using AI/ML to improve wellbeing and learning outcomes.

Family Zone journey

For personal use only

Product fit
Establish market leading platform and proposition and winning products.



Scale
Scale customer base until SaaS operating leverage kicks in



Break-even
Achieve operating break-even



Cashflow
Grow free cash for acceleration & M&A



Family Zone's pursuit of scale has positioned the company to expand product, access talent, access corporate opportunities and grow operating leverage.

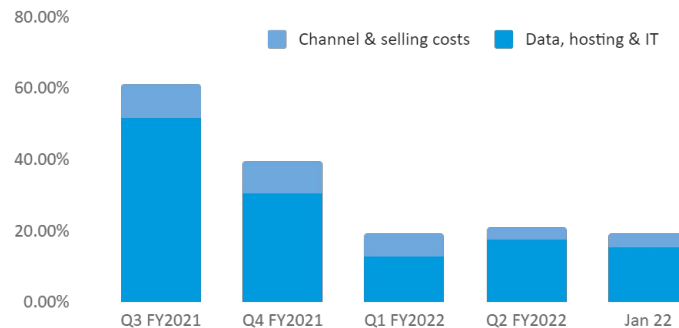
For personal use only

Family Zone is transitioning to break even with:

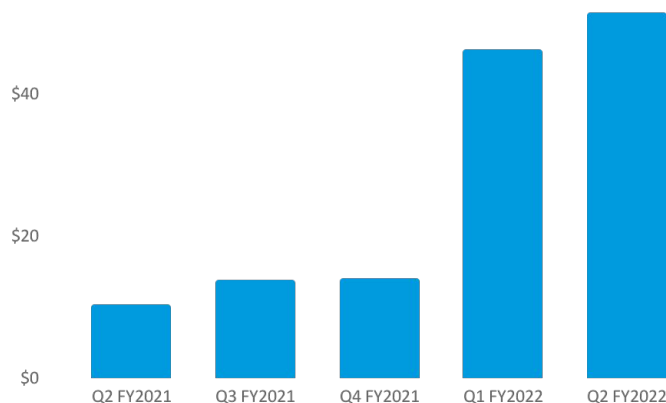
- Rapidly growing recurring revenue now passing through \$55 million*
- Steadily improving gross margins, now exceeding 80% (January 2022) and expected to rise with cross selling and data efficiencies
- Opportunities to realise fixed cost efficiencies through back office consolidation

After periods of high growth efficiency programs are anticipated to achieve ~10% efficiency in operating costs in CY2022.

Direct Costs as % of Revenue



Group Annual Recurring Revenue (AUD Millions)



* Dec 21 ARR plus Cipafilter. January 22 ARR reconciliation has been not completed.

For personal use only

Half year to Dec 31 2021

FAMILY ZONE GROUP CONSOLIDATED PROFIT AND LOSS	For the half year to 31 December 2021	Excluding Non-Cash & Non Recurring items
Services Income	\$17,928,259	\$17,928,259
Other income	\$890	\$890
Less Direct Costs	(\$6,133,936)	(\$6,133,936)
Gross Margin	\$11,795,213	\$11,795,213
		65.79%
Employee benefits	(\$29,598,388)	(\$20,777,769)
Administration	(\$5,104,935)	(\$3,403,556)
Finance costs	(\$188,733)	(\$188,733)
Other	(\$1,582,273)	(\$1,582,273)
Total operating costs	(\$36,474,329)	(\$25,952,331)
EBITDA	(\$24,679,116)	(\$14,157,118)
Depreciation and amortisation	(\$5,005,160)	\$0
Acquisition related expenses	(\$2,286,270)	\$0
Income tax expense/(benefit)	\$690,122	\$0
Earnings after tax	(\$31,280,424)	(\$14,157,118)

BY OPERATING SEGMENT		
ANZ	UK	USA
\$1,883,144	\$9,943,076	\$6,102,039
\$874	\$1	\$15
(\$662,356)	(\$1,840,996)	(\$3,630,584)
\$1,221,662	\$8,102,081	\$2,471,470
64.87%	81.48%	40.50%

Key observations

- Includes 4.5 months of Smoothwall trading income and costs
- Average of 65% service margin for the half has improved to >80% by Jan 2022 though scale, CGP migration and engineering
- Substantial amount (~ \$17 million) of non cash and non-recurring expenses incurred in period
- Revenue growth coming from new and net-new business



Cipafilter

Cipafilter Acquisition

- In US K-12 since 1999
- On-premise filter & firewall
- Reputation in product & support
- Exceptional customer loyalty
- 18 experienced K-12 staff
- 580 clients & ~400,000 students
- Circa AU\$3 million of ARR
- Profitable & cash flow positive



Family Zone has a proven capability of integrating and cross selling.

Rationale

- Experienced/quality talent
- Bolsters our US tech team
- Expand our US sales & support teams
- Expands our ARR & customer base
- Creates cross sell opportunities for Classwize and Monitor
- Established processes for integration
- Cashflow & EBITDA accretive

Deal

- Share sale agreement
- US\$4.5 million in shares (13,021,738) plus ~ US\$3.0 million in cash with deferred payment over 30 monthly installments
- Shares issued subject to orderly realisation arrangements
- Typical warranties & indemnities

Outlook

- **UK:** March quarter is strongest in UK K-12 - Early indications are for a strong quarter
- **US:** June quarter is strongest in US K-12 - US sales are on target and a record pipeline is building strongly
- **Cross sells:** Cipafilter adds material cross selling opportunities. Classwize launches in UK in March 2022
- **SaaS metrics:** So far this quarter UK Net Revenue Retention exceeds 120% and average revenue per student continues to grow strongly
- **Community:** Community Hubs approaching 30% of US school districts.
- **OneBrand:** Unified branding expected to launch back-end CY2022



For personal use only

Corporate

Primary School



- Apple.com
- mail.google.com
- sketch.com
- linkedin
- Dailymotion
- cloudfront.net
- Dailymotion
- family-heights.com
- Netflix
- Google Search

- John Hogg
- Nik Collins
- Maria Jakeman
- Charlotte Belt

- Adult Content
- Adult Content
- VPN Usage
- VPN Usage



Peter Pawlowitsch
Chairman (Perth)
*Experienced ASX Tech
Director*



Tim Levy
MD (Perth)
*Experienced tech & telco
executive*



Crispin Swan
COO (Sydney)
*Experienced telco sales
executive*



Matthew Stepka
Non-Exec (US)
*Former Google VP &
global AI leader*



Georg Ell
Non-Exec (UK)
*Senior exec at MSFT &
Tesla & Smoothwall CEO*



Emma Wates
Coy Secretary (Perth)
*Experienced ASX
company secretary*



Ben Trigger
CTO



Todd Morcombe
CFO



Jordan Foster
CWO



Nadine Mills
CPO



Ross Young
EVP NA



Gavin Logan
EVP UK



Mike Bridgett
EVP Technology



Paul Robinson
EVP Technology



Karen Woodhead
EVP Marketing

For personal use only

For personal use only

ANNUAL RECURRING REVENUE	\$55M
AVAILABLE FUNDING ⁵	\$26M
ORDINARY SHARES	714,359,814
MARKET CAP (@41.5c)	\$296M
TOP 20 SHAREHOLDERS	59%
FOUNDERS & EXECUTIVES	5%

Notes

At 28 February 2022

1 Remaining Linewize acq securities have target of NZ\$9.25M ARR from NZ and Linewize technology.

2 Exec salaries received PRs in lieu of cash

3 Employee incentives time based milestones

4 Various performance based targets

5 Includes \$16M cash as at 31 Dec 2021 & \$10M undrawn

WC facility described on the next page

Perf Shares/Rights	47,625,773	Options	23,615,020
\$9.25m Rev' from NZ ¹	3,000,000	ZEPOs (expiring 2024-2025)	2,686,753
Exec salaries ²	4,429,480	50-68c (expiring 2025)	12,495,767
Employee ³	12,498,793	18c-25c (expiring 2022)	5,732,500
Employee & Exec ⁴	27,697,500	18c-24c (expiring 2023)	2,700,000



CONTACTS

Investor Centre

familyzone.com/au/investor

Automatic Registry Services

Phone: +61 8 9324 2099

Email: info@automatic.com.au

Tim Levy

Managing Director

timl@familyzone.com

+61 413 563 333

Investor Relations

Tim Dohrmann

NWR Communications

tim@nwrcommunications.com.au

+61 468 420 846