

ASX ANNOUNCEMENT

Family Zone Cyber Safety Limited

ASX:FZO ("Family Zone" or the "Company")



Our mission is to protect & support
every child's digital journey.

FAMILY ZONE COMPLETES ACQUISITION OF SMOOTHWALL

Family Zone is pleased to advise that it has completed the acquisition of the UK's leading provider of K-12 digital safety solutions, Smoothwall.

Smoothwall is a profitable, successful and scaled business operating in the UK and US with circa A\$30 million in annual recurring revenue¹ and servicing in excess of 12,400 schools.

Smoothwall has a comprehensive and complementary portfolio of mature digital safety products, including Smoothwall Monitor which is a global leader in the rapidly expanding cyber safety segment of data analytics and monitoring.

Family Zone's Managing Director, Tim Levy, said: *"I am excited to welcome all of our new colleagues and customers to Family Zone. This acquisition establishes Family Zone as a global cyber safety company with significantly increased scale, a global market presence and a leading portfolio of K-12 online safety products. I look forward to working together to capitalise on the synergies presented through this acquisition to continue the global growth of our business and to protect every child's digital journey."*

The acquisition of Smoothwall creates the world's most compelling K-12 digital safety solution incorporating Family Zone's fast growing Linewize K-12 solutions, Family Zone's parental controls and Smoothwall's scale and world leading solutions. An announcement released to the market on 6 August 2021 included this summary of the key proposed benefits and strategic rationale of the acquisition:

¹ Pro forma results at 31 March 2021, unaudited, converted from £ to A\$ at an exchange rate of 0.53.



- **Scale:** The combined group generates annual recurring revenue of c. A\$44 million and services in excess of 18,000 schools and 9 million students across the UK, USA and ANZ.
- **Product portfolio:** The combination of Family Zone and Smoothwall delivers a world leading portfolio of K-12 online safety products inclusive of compliance/filtering, classroom management, data analytics, monitoring and case management.
- **K-12 synergies:** Family Zone and Smoothwall's product sets are uniquely complementary, offering significant synergistic revenue opportunities including the delivery of new filtering and classroom management capabilities into the UK market and the delivery of Smoothwall's market leading monitoring solution into Family Zone's US and Australian and New Zealand client base and sales propositions.
- **Consumer opportunities:** With in excess of 6 million students associated with Smoothwall's UK client base, a significant opportunity is available to promote Family Zone's world leading parental control services through UK school communities.
- **Talent & culture:** Both Smoothwall and Family Zone are proud to be mission driven organisations with aligned values. The combination creates an upscaled talent pool with important (and rare) domain experience, to support our continued growth ambitions.
- **Cost efficiencies:** Whilst not the focus of the Acquisition, it is anticipated that material improvements in operating leverage will accrue to the group over time through scale and buying power.

Under the share purchase agreement, Family Zone agreed to pay £75.5 million (A\$142.0 million)² cash consideration for the acquisition of the Smoothwall business with £65.0 million payable at completion of the Acquisition and a further £10.5 million in deferred consideration payable on 1 September 2021.

The acquisition was funded by a capital raise comprising a fully underwritten institutional placement and pro-rata accelerated non-renounceable entitlement offer to raise approximately \$A146.4 million (before costs). The £65.0 million completion payment has now been paid as part of the completion of the Acquisition. The deferred consideration component will be paid following the closing of the retail component of the Entitlement Offer.

This announcement was made on 17 August, 2021 and was authorised by the Board of Family Zone Cyber Safety Limited.

² Consideration converted from £ to A\$ at RBA exchange rate of 0.53



About Family Zone

Family Zone, **supporting and protecting every child's digital journey**, is an ASX-listed technology company and an emerging leader in the fast growing global cyber safety industry. Family Zone's unique innovation is its patented cyber safety ecosystem, a platform enabling a world-first collaboration between schools, parents and cyber safety educators. Family Zone's unique approach is delivering rapid growth in the education sector, as well as through direct sales and scalable reseller arrangements with telco providers.

To learn more about the Family Zone platform and the Company please visit www.familyzone.com.

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