

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 RAISES A\$42M TO FUND QUSTODIO ACQUISITION

Highlights

- A\$42 million raised through a fully underwritten placement to institutional, professional and sophisticated investors.
- Funds raised will be used to acquire Qustodio, support continued growth of the business and to fund the Company to cash flow break even.
- The Placement is fully underwritten by Joint Lead Managers, Shaw and Partners Limited and Euroz Hartleys Limited

"I am extremely pleased with the strong support and commitment shown from both our existing institutional and high net worth shareholders as well as from a number of new institutional and sophisticated investors for our expansion strategy and vision to create a global online cyber safety platform offering world leading technology to protect and support our children in the digital world. The Qustodio acquisition will provide the Company expertise, capability, scale and new markets to support this vision". **Tim Levy, Managing Director Family Zone**

Capital raising

Family Zone Cyber Safety Limited (**Family Zone** or **Company**) is pleased to advise that it has received binding commitments to raise A\$42 million (before costs) via a two-tranche placement of 123,529,412 new fully paid ordinary shares (**Shares**) at an issue price of \$0.34 per Share (**Placement**).



Net proceeds of the Placement will be used to fund the cash component of the acquisition of Qustodio, strengthen the Company's balance sheet to support additional growth and corporate opportunities and for working capital purposes to fund the Company to cash flow break even.

As announced on 2 May 2022, the Company has entered into an agreement to acquire 100% of the shares in Qustodio LLC (the US holding company of Qustodio) and its Spanish subsidiaries for US\$52 million with 52% payable upfront in a combination of cash, vendor finance and Family Zone shares and the remaining 48% payable in Family Zone shares subject to the satisfaction of performance milestones.

The acquisition is conditional upon completion of the Placement, Spanish Foreign Direct Investment approval and Family Zone shareholder approval of the issue of all securities to the vendors. Please refer to the Company's ASX announcement on 2 May 2022 for further details on the Qustodio acquisition.

The Placement will be issued in two tranches. The first tranche comprises 91,035,100 Shares to be issued under the Company's Listing Rule 7.1 capacity (**Tranche 1**) and the second tranche comprises 32,494,312 Shares (**Tranche 2**) that are subject to shareholder approval, to be sought at a general meeting to be held in early to mid June 2022 (**General Meeting**). Tranche 1 is expected to settle on Wednesday, 11 May 2022. Tranche 2 is expected to settle shortly after the General Meeting.

The Placement issue price of A\$0.34 represents a 17% discount to the last traded price of \$0.41 on ASX on Friday 29 April 2022 and a 23% discount to the 5-day VWAP of \$0.443.

The Company acknowledges the investment by the Chairman, Peter Pawlowitsch and Executive Directors Tim Levy and Crispin Swan of A\$620,000 (subject to shareholder approval to be sought at the General Meeting).

The Placement has been fully underwritten by Joint Lead Managers and Underwriters, Shaw and Partners Limited and Euroz Hartleys Limited. Argonaut Securities Pty Limited and BW Equities Pty Ltd acted as Co-Managers to the Placement. A summary of the key termination events under the underwriting agreement between the Company and the Underwriters for the Placement is detailed Annexure A.

Shareholder Meeting

As noted above Tranche 2 remains subject to shareholder approval which shall be sought at the General Meeting. At the General Meeting the Company will seek approval for:

- the issue of the Tranche 2 Shares, including 1,470,589 Shares to Peter Pawlowitsch, 294,118 Shares to Tim Levy and 58,824 Shares to Crispin Swan; and
- the issue of the securities for the acquisition of Qustodio outlined in the Company's ASX announcement on 2 May 2022.

This announcement was made on 4 May 2022 and was authorised by the Board of Family Zone Cyber Safety Limited.

Annexure A: Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement by notice to the Company within a reasonable period of becoming aware of the happening of any of the following events:

Events not qualified by materiality:

- a. **(Offer Document)** a statement in an Offer Document (i.e. the public documents released in relation to the Placement) is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from an Offer Document;
- b. **(new circumstances)** there occurs a new circumstance that arises after the Offer Documents are released on the ASX that would have been required to be included in the Offer Documents if it had arisen before lodgement;
- c. **(Corrective Notice)** in the reasonable opinion of the Joint Lead Managers, any Cleansing Notice is Defective, or a Corrective Notice is required to be issued under the Corporations Act and the Company does not issue a further Cleansing Notice or Corrective Notice in accordance with the Corporations Act;
- d. **(market fall)** at any time the S&P/ASX 300 Indices falls to a level that is 90% or less of the level as at the close of trading on the last trading day before the date of the Underwriting Agreement, and remains at or below that level at the close of trading:
 - (i) for two consecutive Business Days during any time after the date of the Underwriting Agreement; or
 - (ii) the Business Day immediately prior to, the Settlement Date;
- e. **(Acquisition agreement)** the Qustodio Acquisition agreement (dated 1 May 2022):
 - (i) is terminated, withdrawn, rescinded, avoided or repudiated or an event occurs resulting in a party having the right to terminate the Acquisition agreement;
 - (ii) is altered, amended or varied without the consent of the Joint Lead Managers;
 - (iii) contains a condition precedent that becomes incapable of being satisfied;
 - (iv) is breached, or there is a failure by a party to comply;
 - (v) ceases to have effect, otherwise than in accordance with its terms; or
 - (vi) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- f. **(future matters)** there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Joint Lead Managers for any statement or estimate in the Offer Documents which relate to a future matter;
- g. **(fraud)** the Company or any of its respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Placement;
- h. **(quotation)** approval is refused or not granted, to the quotation of the Placement Shares, on ASX or for the Placement Shares, to be traded through CHESS on or before the date of quotation, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- i. **(regulatory action)**

- (i) ASIC applies for an order under section 1324 or 1325 in relation to the Placement or the Offer Documents or gives notice of an intention to prosecute the Company or any of its directors;
 - (ii) ASIC holds, or gives notice of intention to hold, a hearing or investigation in relation to the Placement or any Offer Documents;
 - (iii) ASIC prosecutes or commences proceedings against, or gives notice of an intention to prosecute or commence proceedings against, the Company; or
 - (iv) an application is made by ASIC for an order under Part 9.5 in relation to the Placement or the Offer Documents, or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Placement or the Offer Documents;
- j. **(certificate not provided)** the Company does not provide a certificate as and when required by the Underwriting Agreement;
- k. **(insolvency events)** a Group Member becomes Insolvent, or there is an act or omission which is likely to result in a Group Member becoming Insolvent;
- l. **(Timetable)** an event specified in the timetable up to and including the conditional placement settlement date is delayed by more than one Business Day (other than any delay agreed between the Company and the Joint Lead Managers in accordance with clause 4.2);
- m. **(Listing)** the Company ceases to be admitted to the official list of the ASX or the Shares of the Company cease to be quoted on ASX;
- n. **(unable to issue Placement Shares)** the Company is prevented from allotting and issuing the Placement Shares within the time required by the Offer Documents, the Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a Governmental Agency;
- o. **(change to the Company)** the Company:
- (i) other than under the Placement or as permitted under clause 8.1.4, alters the issued capital of the Company or a Group Member; or
 - (ii) disposes or attempts to dispose of a substantial part (directly or indirectly) of the business or property of the Company or a Group Member,
without the prior written consent of the Joint Lead Managers;
- p. **(prosecution)** any of the following occur:
- (i) a director of the Company is charged with an indictable offence;
 - (ii) any Governmental Agency charges or commences any court proceedings or public action against the Company or any of its directors in their capacity as a director of the Company, or announces that it intends to take action; or
 - (iii) any director of the Company is disqualified from managing a corporation under Part 2D.6;
- q. **(Shareholder Approval)** the required shareholder approval is not obtained at the General Meeting;
- r. **(regulatory approvals)** if a regulatory body or Government Agency withdraws, revokes or amends any regulatory approvals required for the Company to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents; or
- s. **(force majeure)** there is after the execution of the Underwriting Agreement an event, occurrence or non-occurrence, or development of an existing event, occurrence or non-occurrence, which makes it illegal for the Joint Lead Managers to satisfy a material obligation under the Underwriting Agreement, or to market, promote or settle the offer of Placement Shares, or that causes the Joint Lead Managers to delay satisfying a material obligation under the Underwriting Agreement.

Events qualified by materiality:

- a. **(other disclosures)** a statement in any of the Company's public information is or becomes misleading or deceptive or is likely to mislead or deceive, or a matter required to be included is omitted from such public information;
- b. **(disclosures in the Management Questionnaire and any other information)** the Management Questionnaire or verification material or any other information supplied by or on behalf of the Company to the Joint Lead Managers in relation to the Group or the Placement is (or is likely to), or becomes (or becomes likely to be), misleading or deceptive, including by way of omission;
- c. **(breach of laws)** there is a contravention by the Company or any member of the Group of the Corporations Act, the Competition and Consumer Act 2010 (Cth), ASIC Act (any regulations under those acts), its constitution or any of the Listing Rules;
- d. **(compliance with law)** any of the Offer Documents or any aspect of the Placement does not comply with the Corporations Act (and all regulations under that Act), its constitution, the Listing Rules or any other applicable law or regulation;
- e. **(licences)** any licence, permit, Authorisation or consent held by a Group Member that is necessary to conduct its business is revoked, withdrawn, rescinded, breached, terminated, altered or amended (other than with the consent of the Joint Lead Managers);
- f. **(Encumbrance)** any Encumbrances existing as at the date of the Underwriting Agreement or in the ordinary course of business, the Company creates or agrees to create an Encumbrance over the whole or a substantial part of its business or property;
- g. **(representations and warranties)** a representation, warranty or undertaking or obligation contained in the Underwriting Agreement on the part of the Company is breached, becomes not true or correct or is not performed
- h. **(breach)** the Company defaults on any of its obligations under the Underwriting Agreement;
- i. **(legal proceedings)** legal proceedings against a Group Member or against any director of a Group Member in that capacity is commenced or threatened or any regulatory body or Government Agency commences or threatens any Enquiry or public action against a Group Member;
- j. **(information supplied)** any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of the Company to the Joint Lead Managers in respect of the Placement or the Group is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including, by omission);
- k. **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, China, Hong Kong, New Zealand, Singapore, the United Kingdom, any Member State of the European Union or the United States, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- l. **(Certificate incorrect)** a statement in any certificate is false, misleading, inaccurate or untrue or incorrect; or
- m. **(disruption in financial markets)** any of the following occurs:
 - (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom or the United States is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - (ii) any adverse effect on the financial markets in Australia, New Zealand, the United Kingdom or the United States, or in the foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
 - (iii) trading in all securities quoted or listed on ASX, New York Stock Exchange or the London Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of one day) on which that exchange is open for trading.



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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