



To protect & support every child's digital journey

ASX: FZO

FY2023 Half-Year Report





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

Our mission is to protect and better children's lives. To empower communities through holistic online safety tools & advice. To support educators so that children can thrive. To be a global influencer in online safety. We seek for our staff their best ever employment experience and to deliver exceptional returns for our investors.



AT A GLANCE

San Diego

Charlotte

Orlando

Leeds

Barcelona

✓ 12M students

✓ 24K schools

✓ 38% of UK schools

✓ 18% of US districts

✓ 350K paying subscribers

✓ \$86 million ARR

Family Zone; the global leader in online safety

Family Zone is the only truly global provider of online safety technology offering solutions in K-12 and parental controls.

Perth

Sydney

Melbourne

Auckland



WHY



Untapped market

Massive untapped, fragmented, well funded & expanding global market for safety & wellbeing.



Scaled & ready

Scaled and inflecting, with strong and improving SaaS metrics and an outstanding executive team.



Proven acquirer

Demonstrated ability to acquire (at pace), merge, add value and build a cohesive culture.



Global leader

A winner away from home. The only truly global player in digital safety and wellbeing.



Diversified

Uniquely diversified revenue/costs; naturally hedged and exposed to consistently/growing public funding.



Social impact

Addressing some of the world's most pressing and engaging topics; student safety, mental health and education.

Product fit

Establish market leading platform and proposition and winning products.

Break-even

Achieve operating cash flow break-even

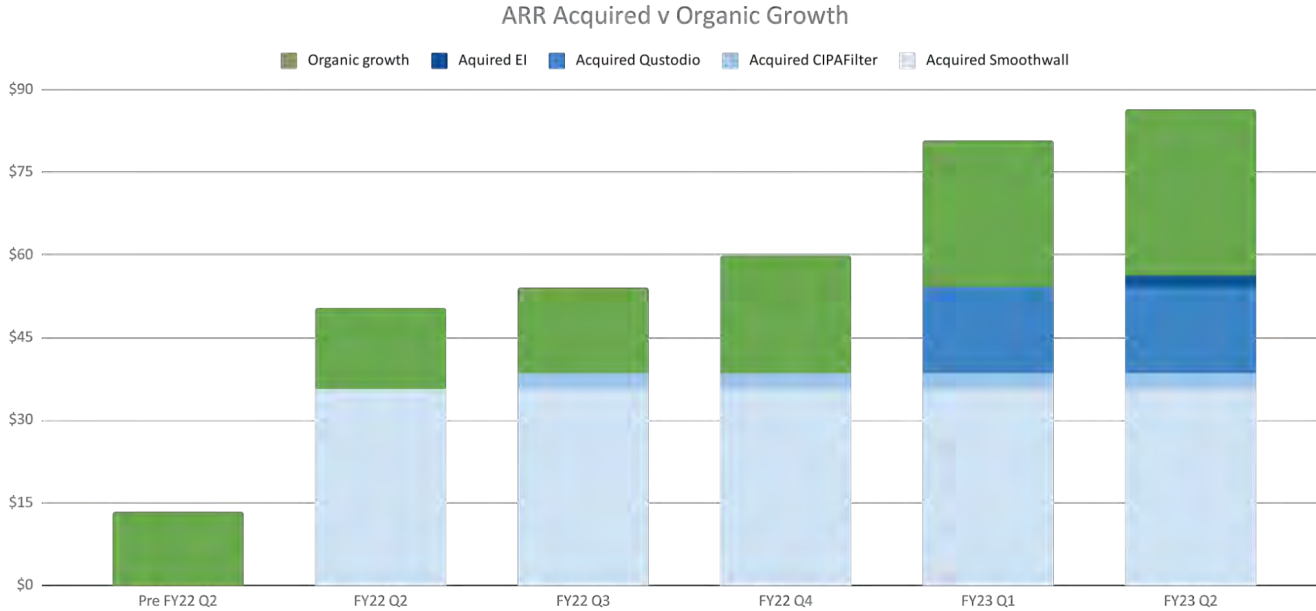
Scale

Scale customer base until SaaS leverage kicks in

WE ARE
HERE

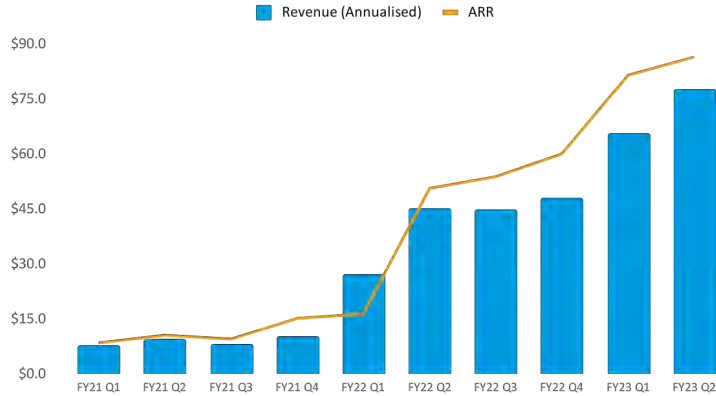
Our commercialisation journey

Strong Organic ARR Growth

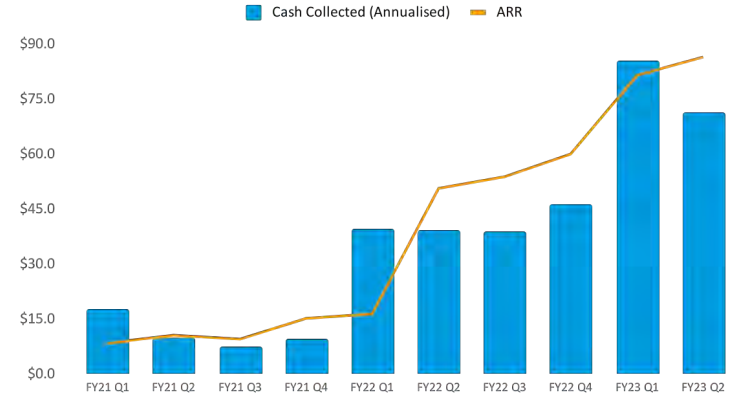


Strong ARR Conversion

ARR Conversion to Revenue



ARR Conversion to Cash



Strong productivity growth

	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2
Historical Fixed Costs Analysis	AUDM\$	AUDM\$	AUDM\$	AUDM\$	AUDM\$	AUDM\$
Exit ARR \$AUD	\$13	\$50	\$54	\$60	\$81	\$85
# Fixed FTEs	283	308	309	341	429	436
Staff: Product & Engineering	(\$4)	(\$4)	(\$6)	(\$7)	(\$7)	(\$7)
Staff: Sales, delivery & support	(\$3)	(\$4)	(\$5)	(\$4)	(\$5)	(\$5)
Staff: Other	(\$2)	(\$3)	(\$3)	(\$2)	(\$3)	(\$4)
Fixed Costs Other	(\$1)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)
Total Fixed Opex Cash Costs	(\$11)	(\$13)	(\$15)	(\$15)	(\$17)	(\$18)
\$ARR per FTE	\$46,861	\$163,850	\$175,221	\$175,738	\$188,474	\$194,166

Annual Recurring Revenue \$A Millions

Jun 2020	Jun 2021	Sep 2022	Dec 2022
\$7	\$14	\$82	\$86

Service Margin Group %

Jun 2020	Jun 2021	Sep 2022	Dec 2022
-ve	65%	85%	85%

Net Revenue Retention Group %

Jun 2020	Jun 2021	Sep 2022	Dec 2022
--	87%	110%	112%

Students Served Millions

Jun 2020	Jun 2021	Sep 2022	Dec 2022
1	3	11	12

Gross Margin Group %

Jun 2020	Jun 2021	Sep 2022	Dec 2022
-ve	56%	80%	80%

Net Revenue Retention USA %

Jun 2020	Jun 2021	Sep 2022	Dec 2022
--	89%	135%	120%

School Served Thousands

Jun 2020	Jun 2021	Sep 2022	Dec 2022
2	6	22	24

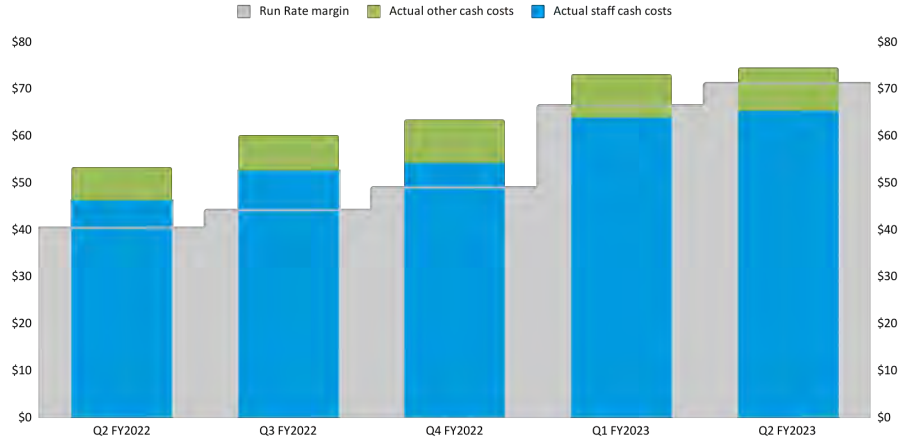
Paid Parent Accounts Thousands

Jun 2020	Jun 2021	Sep 2022	Dec 2022
10	11	300	350

K-12 Churn %

Jun 2020	Jun 2021	Sep 2022	Dec 2022
5%	5%	3%	3%

Run Rate Analysis Group | AUD Millions



The Company is on-plan to achieve run-rate cash-flow breakeven this financial year as can be seen in the chart right.

The June half is the key edutech selling period and we currently enjoy a record sales pipeline in excess of \$18 million. With conversion rates of ~50% we are confident of a strong coming half.

H1 FY2023 Financials

Summary Profit & Loss

FAMILY ZONE GROUP SUMMARY PROFIT & LOSS	H1 FY2023 \$ Millions	H1 FY2022 \$ Millions
Revenue	\$36.9	\$17.9
Other revenue	\$0.2	\$0.0
Direct costs	(\$7.5)	(\$6.1)
Marketing costs (within Admin)	(\$2.5)	(\$0.6)
Margin	\$27.1	\$11.2
Margin %	73%	63%
Employee benefits	(\$32.2)	(\$21.4)
Administration	(\$4.0)	(\$4.7)
Total Operating Costs	(\$36.2)	(\$26.1)
Underlying (Cash) EBITDA	(\$9.1)	(\$14.9)
Share based payments - Employees	(\$9.0)	(\$8.8)
Share based payments - deferred consideration	(\$8.5)	\$0.0
Depreciation & amortisation	(\$11.1)	(\$5.0)
Acquisition related expenses	(\$1.1)	(\$3.1)
Finance costs	(\$2.3)	(\$0.2)
FX Differences	\$0.4	(\$1.8)
Income tax benefit	\$2.0	\$0.7
Earnings after tax	(\$38.6)	(\$33.1)

FAMILY ZONE GROUP BY SEGMENT	ANZ	UK	USA	Europe
Revenue	\$2.5	\$13.9	\$13.9	\$6.6
Other Revenue	(\$0.1)	\$0.0	\$0.1	\$0.1
Direct costs	(\$3.7)	(\$2.3)	(\$1.0)	(\$0.4)
	(\$1.3)	\$11.6	\$13.0	\$6.3

Key observations

- Includes 5 months of Qustodio trading.
- Gross margin is approaching 80%.
Cash EBITDA driving to operating cash flow breakeven, a 39% improvement on H1 FY2022.
- Average revenue per student increasing with product expansion, cross & upsells.
- Acquisition accounting for the Qustodio acquisition requires a portion (\$8.5m) of deferred consideration to be recognised in the P&L as it a condition is the ongoing employment of certain shareholders.
- Share based payments include one-off items and expected to moderate to circa 15% of staff costs.

Cash Flow

Key observations

- Receipts from customers up 107%. Strong conversion of ARR to revenue to cash.
- Payments to suppliers and employees include material 6 months of Smoothwall (4.5 months prior period) and 5 months of Qustodio.
- Funding sources include cash on hand plus a \$10 million working capital facility.

FAMILY ZONE GROUP SUMMARY CASH FLOWS	H1 FY2023 \$ Millions	H1 FY2022 \$ Millions
Cash flows from operating activities		
Receipts from customers	\$41.6	\$20.1
Payments to suppliers and employees	(\$49.3)	(\$38.8)
Government grants received	\$0.1	\$0.0
Net interest received/(paid)	(\$0.3)	(\$0.1)
Net cash flows (used in) operating activities	(\$7.9)	(\$18.8)
Cash flows from investing activities		
Payments for purchase of businesses, net of cash	(\$17.9)	(\$141.3)
Purchase of plant & equipment	(\$1.5)	(\$0.9)
Net cash flows (used in) investing activities	(\$19.4)	(\$142.2)
Cash flows from financing activities		
Proceeds from issue of shares, net of issue costs	\$0.9	\$139.5
Payment of principal portion of lease liabilities	(\$0.8)	(\$0.4)
Proceeds from/(repayments) of borrowings	(\$0.8)	\$2.6
Net cash flows from financing activities	(\$0.7)	\$141.7
Net increase in cash and cash equivalents	(\$27.9)	(\$19.3)
Cash and cash equivalents at the beginning of the year	\$32.7	\$32.7
Effects of foreign exchange rates	\$1.7	\$0.4
Cash and cash equivalents at the end of the year	\$6.5	\$13.8



Balance Sheet

Key observations

- \$10 million working capital facility was undrawn at 31 December 2022.
- Intangible assets relate to goodwill, software and customers acquired with Smoothwall and Cipafilter.
- Contract liabilities are deferred revenue related to K-12 contract sales
- Deferred tax liability is a result of the amortisation intangible assets brought onto the balance sheet through acquisition accounting described above (i.e. other than goodwill).

FAMILY ZONE GROUP SUMMARY BALANCE SHEET	FY2022 \$ Millions	FY2021 \$ Millions
Assets		
Current Assets		
Cash and cash equivalents	\$6.5	\$32.7
Trade & Other Receivables	\$10.9	\$12.0
Prepayments, inventory & contract assets	\$6.8	\$6.6
Total Current Assets	\$24.1	\$51.3
Non-Current Assets		
Intangible assets	\$237.4	\$182.2
Financial assets, P&E, right of use and contract assets	\$8.9	\$7.7
Total Non-Current Assets	\$246.3	\$190.0
Total Assets	\$270.4	\$241.3
Liabilities		
Current Liabilities		
Trade & other payables	\$14.1	\$11.0
Contract Liabilities	\$45.7	\$29.3
Deferred consideration & borrowings	\$14.1	\$2.4
Provisions & lease liabilities	\$5.0	\$4.3
Total Current Liabilities	\$78.9	\$46.9
Non-Current Liabilities		
Trade & other payables		
Contract Liabilities	\$5.1	\$12.3
Deferred consideration & borrowings	\$9.3	\$2.0
Trade Payables, provisions & lease liabilities	\$3.6	\$2.7
Deferred tax liabilities	\$18.9	\$12.0
Total Non-Current Liabilities	\$36.9	\$29.0
Total Liabilities	\$115.8	\$76.0
Net Assets	\$154.7	\$165.3

What's next

Our current and coming strategic initiatives

We have been working on a deliberate commercialisation strategy aimed at building scale, product-fit and capability.

Each of our EDU segments are focussed on layering products for new and nett new growth. In the US we're moving 'up-market'.

We seek to be the global leader in student digital wellbeing.

Rebranding (23/24)

Objective Build global brand equity.

Commencing in mid 2023 we are moving to a single global branding. This will transition via corporate into each region through an "endorsed by" strategy.



Unification (23/24)

Objective Value add products and streamline costs to deliver.

Ongoing unification program to deliver \$millions in platform efficiencies and massive CX value. Expect ~ 15% improvement in leverage.

Product expansion

Objective Drive ARPU and yield expansion.

We are expanding our high margin, low touch E&W product suite. We will expand capability through tactical acquisitions, likely in data & analytics, MDM & integrators. We expect to drive ARPU to \$10 and grow service margins into the 90s.

Market expansion

Objective: Expand into untouched markets.

During 2023 we are internationalising our EDU UX and launching in Spain for Western Europe. We will leverage our global EDU and telco partnerships to expand outside of English speaking markets.





Our board

Experienced executives and board members in technology, telecomms, safety-tech, finance and governance,



PERTH

Peter Pawlowitsch Chairman

Experienced ASX company director. Specialises in technology businesses and the transition from startup to Sustainability.

Current ASX directorships:
> Dubber Corporation Limited
> VRX Silica Limited
> Knosys Limited
> Novatti Group Limited

Fellow of the Governance Institute of Australia Holds a MBA from Curtin University.



PERTH

Tim Levy Managing Director

Successful telco and tech entrepreneur. Founder of Vodafone's largest Australian retailer Mo's Mobiles and was the former CEO/COO of listed Optus reseller B Digital Limited.

Previously a management consultant at Anderson's working in technology and change across Australia, South Africa, Zambia, Jordan and Saudi Arabia

Graduate from the University of Western Australia and was a practicing Chartered Accountant.



SAN FRANCISCO

Matthew Stepka Non Executive Director

Managing Partner of Machina Ventures and a Lecturer at UC Berkeley, Haas School of Business.

Previous roles include:
> VP Business Operation and Strategy, Google
> VP, Drugstore.com
> COO, WorldRes
> Management Consultant, McKinsey & Company

Holds Juris Doctorate from UCLA School of Law and Bachelor of Science degrees in Computer Engineering and Management from Case Western Reserve University.



LONDON

Georg Ell Non Executive Director

Former CEO of Smoothwall, brought in as part of the PE backed MBO.

Venture partner and Senderwood Fellow with LocalGlobe, a venture partner with Craft Ventures, and an advisory board member of AccelerateHer.

Previous roles include:
> Head of Cloud, Microsoft EUR
> Director Western Europe, Tesla
> GM EMEA, Yammer



SYDNEY

Dr Jane Watts Non Executive Director

Over 30 years of experience across the banking and financial services sectors within Australia. Held senior executive positions at Westpac, BT Financial Group, Macquarie and Lendlease

Current non-executive director of Liberty Financial Group.

PhD in Organisational Psychology and is a graduate of the Australian Institute of Company Directors.



PERTH

Phil Warren Non Executive Director

Chartered Accountant and managing director of corporate advisory firm Grange Consulting.

Over 20 years of experience in finance and corporate roles in Australia and Europe.

Sits on a number of unlisted company boards in his capacity as finance and governance director.

Current ASX directorships:
> Rent.com.au Limited
> Narryer Metals Limited
> Killi Resources Limited
> Anax Metals Limited



Our leadership

World leaders in enterprise sales, edu-tech, safety-tech, child psychology and SaaS.



SYDNEY

Crispin Swan

Chief Operations Officer

Family Zone Founder. Experienced sales executive and general manager working across a range of global Enterprises. Expertise is in international business development, executive and IT & T sales. Former VP of Asia Pac, Mavenir Systems and worked at Schlumberger Sema, Cisco, C&W and Alcatel-Lucent.



PERTH

Ben Jenkins

Chief Financial Officer

Over 12 years experience in senior financial roles with businesses actively investing in emerging technologies. Experienced ASX CFO and former CFO of Australian Finance Group (AFG).



SAN DIEGO

Ross Young

Senior VP, North America

One of the most experienced and well known edu-tech and safety-tech executives in North America. Established Family Zone's presence in the USA from 2018. Formerly enterprise Account Executive; Named Accounts, President Infinity Wealth Services.



LEEDS

Gav Logan

Senior VP, United Kingdom

Over 16 years experience in sales at Smoothwall and one of the most experienced and well known edu-tech and safety tech sales executives in the United Kingdom. With Georg Eil & Tenzing MBO'd Smoothwall which was later acquired by Family Zone.



PERTH

Jordan Foster

Chief of Education Wellbeing

World leader in online safety education specialising in social media and gaming addiction. Clinical Psychologist. Telstra Young Business Woman. Formerly practicing psychologist. Deputy Chair Australian Gaming & Screens Alliance.



PERTH

Ben Trigger

Chief Technology Officer

Family Zone Founder. Experienced technology consultant, and business operator based in Perth. Former Managing Director Living Networks, Director, Ultimotion Sound Labs, General Manager Netlink Group.



PERTH

Nadine Mills

Chief People Officer

Experienced people leader in global technology businesses. Formerly Director International Human Resources at MarkLogic, HR Business Partner at Opentext and Vertu/Nokia.



BARCELONA

Eduardo Cruz

CEO Qustodio

Tech leader and entrepreneur and founder of the world's best parental controls, Qustodio. Founded security company Redtrust and formerly Technical Director at dotMobile and S21sec.



CAPITAL

AVAILABLE FUNDING	\$16M ⁴
ORDINARY SHARES	902,207,504
MARKET CAP (@20.0c)	\$180M
TOP 20 SHAREHOLDERS	68%
FOUNDERS & EXECUTIVES	4.5%

Notes

At 27 January 2023

1 Exec salaries received PRs in lieu of cash

2 Employee incentives time based milestones

3 Various performance based targets

4 Includes \$6M cash as at 31 December 2022 & \$10M undrawn WC facility

Perf Shares/Rights

Exec salaries ¹

Employee ²

Employee & Exec ³

Deferred Perf Rights

Quotodio

73,579,323

3,734,702

32,295,174

37,549,447

80,527,017

Options

18c-24c (expiring 2023)

50-60c (expiring 2025)

ZEPOs (expiring 2024/25)

60c (expiring 2026)

19,490,000

2,700,000

9,550,000

2,240,000

5,000,000