



ASX Announcement

PERTH SEPTEMBER 25, 2019

FAMILY ZONE ACCELERATES STRATEGIC PLAN WITH BOARD CHANGES AND NEW EQUITY

Family Zone Cyber Safety Ltd (ASX: FZO, 'Family Zone' or 'the Company') is pleased to update the market on a \$4.75 million equity raising and new board appointment.

Highlights

- Experienced ASX technology executive Peter Pawlowitsch appointed to the board as Non-Executive Chairman, with existing directors John Sims and Sir Peter Westmacott resigning.
- Mr Pawlowitsch has subscribed for \$500,000 in the capital raising, providing cornerstone support for the transaction together with institutional investors. Mr Pawlowitsch's allocation is subject to shareholder approval at the upcoming AGM.
- The Company has received binding commitments to raise \$4.75 million through the issue of 3.39 million shares at \$0.14 per share (**Placement**).
- This Placement and the appointment of Mr Pawlowitsch represent a significant strengthening of the Company as it builds upon its recent sales and partnering successes and progresses towards generating sustainable positive cash flows.

Appointment of Peter Pawlowitsch and Corporate Changes

The Company is pleased to announce the appointment of Mr Peter Pawlowitsch as Non-Executive Chairman.

Mr Pawlowitsch is a renowned, successful and experienced ASX technology company director. Mr Pawlowitsch specialises in technology businesses and the transition from startup to sustainability. He is currently the non-executive chairman of Novatti Group Ltd (ASX: NOV) and a non-executive director of Dubber Corporation Ltd (ASX: DUB), VRX Silica Ltd (ASX: VRX) and Knosys Ltd (ASX: KNO), and has previously been a director of a number of other ASX-listed companies. Mr Pawlowitsch holds a Bachelor of Commerce from the University of Western Australia, is a current member of CPA Australia, a Fellow of Governance Institute of Australia and also holds a Masters of Business Administration from Curtin University.

The appointment of Mr Pawlowitsch follows an extensive search and is a key step within a strategic review aimed at ensuring the Company is best positioned and governed to take advantage of market opportunities and realise shareholder value.

The material terms of Mr Pawlowitsch's appointment are outlined in Annexure 1.

Simultaneous to Mr Pawlowitsch's appointment, Mr John Sims and Sir Peter Westmacott will resign their positions as Non-Executive Chairman and Non-Executive Director respectively. The resignation of Messrs Sims and Westmacott are intended to ensure streamlined and responsive governance at this important time in the Company's evolution from start-up to sustainability.



Following the appointment of Mr Pawlowitsch and the completion of the Placement the Company is now well positioned to accelerate its strategic plan and move to a sustainable footing.

Incoming Non-Executive Chairman, Peter Pawlowitsch, said:

"I am excited to be joining Family Zone and helping the Company to achieve its aim of ensuring our children can have a safe digital lifestyle. The Company is already protecting in excess of 520,000 students, and now with the successful completion of this capital raising, we are aiming to aggressively grow this footprint. I look forward to helping to guide this business growth and unlock shareholder value as the Company continues to develop."

Family Zone Managing Director, Tim Levy, said:

"After an extensive selection process, we are delighted to have secured the services of Mr Peter Pawlowitsch as the Company's new Non-Executive Chairman. Peter's successes, experience and relationships have made an immediate impact and will be of significant importance and value to the Company as we move forward. I'd like to acknowledge the efforts and contribution of our former Chairman Mr John Sims and Non-Executive Director Sir Peter Westmacott. These gentlemen have been fundamental to our achievements to date."

Successful Placement

The Company is pleased to announce it has received binding commitments to raise A\$4.75 million (before costs) through a placement of 33,928,572 new shares at an issue price of A\$0.14 per share.

Net proceeds from the Placement will be used to support the Company's investment in:

- Business development, particularly in the high growth US market;
- Engineering and product; and
- Inventory and working capital.

The Placement price of \$0.14 per share represents a 6.7% discount to the last closing share price on 21 September 2019 of \$0.15 and a 20.1% discount to the 30-day VWAP of \$0.175.

Blue Ocean Equities Pty Ltd acted as Lead Manager to the Placement.

The first tranche of the Placement will be issued under the Company's existing placement capacity, with 4,423,426 shares issued under the Company's Listing Rule 7.1 capacity and 480,000 shares issued under the Company's Listing Rule 7.1A capacity. Issue of the second tranche of 29,025,146 shares is subject to shareholder approval, to be sought at the Company's Annual General Meeting scheduled to be held on or around Monday 4 November 2019.

Blue Ocean Equities acted as Lead Manager to the Share Placement.

The Company is finalising the Notice of Meeting for its Annual General Meeting which will be sent to shareholders shortly. At this meeting, the Company will seek approval for the issue of the second tranche of Placement Shares and Peter Pawlowitsch's participation in the Placement. The Company will also seek approval for the issue of 2,252,100 Broker Options each exercisable at \$0.21 within three years of the issue date.

About Family Zone

Family Zone is an ASX-listed technology company focused on cyber safety. Meeting a growing demand to keep kids safe online and manage digital lifestyles, Family Zone has developed a unique and innovative cloud-based solution which combines Australian innovation with leading global technology.

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



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Annexure 1: Material appointment terms

The material terms of Mr Peter Pawlowitsch's appointment as Non-executive Chairman are as follows:

- Commencement date 24 September 2019.
- Annual remuneration of \$80,000, plus statutory superannuation contributions.
- If the market capitalisation of the Company reaches \$150 million for 20 consecutive days, Mr Pawlowitsch's cash remuneration will increase to \$100,000 per annum (plus statutory superannuation).
- The issue of 3,000,000 Options under the Company's Employee Share Option Plan. The Options will be exercisable at \$0.21 within three years of the issue date subject to the Vesting Conditions outlined below. The issue of the Options will be subject to shareholder approval at the Company's Annual General Meeting.

Tranche	Vesting Condition	Number of Options
1	None	1,000,000
2	The 30 day VWAP of the Company's Shares being greater than \$0.25	500,000
3	The 30 day VWAP of the Company's Shares being greater than \$0.35	500,000
4	The 30 day VWAP of the Company's Shares being greater than \$0.45	500,000
5	The 30 day VWAP of the Company's Shares being greater than \$0.60	500,000
		3,000,000