



To protect & support every child's digital journey

ASX: FZO

# FY2022 ANNUAL RESULTS





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.



## ABOUT US

**We are the  
leaders in online  
safety & wellbeing**

---



**Peter Pawlowitsch**  
Chairman



**Matthew Stepka**  
Non Executive Director



**Dr Jane Watts**  
Non Executive Director



**Georg Ell**  
Non Executive Director



**Matthew Stepka**  
Non Executive Director



**Dr Jane Watts**  
Non Executive Director



**Eduardo Cruz**  
Consumer



**Gavin Logan**  
United Kingdom



**Ross Young**  
North America



**Jordan Foster**  
Wellbeing



# **We are the only truly global provider in online safety**

- ✓ 13M students
- ✓ 24K schools
- ✓ 38% of UK schools
- ✓ 16% of US districts
- ✓ 340K parents
- ✓ 10 telco partners
- ✓ AU\$80 million ARR \*

Leeds

San Diego

Charlotte

Orlando

Barcelona

Sydney

Perth

Melbourne

Auckland

**Our unique focus is to  
protect & support  
every child's digital  
journey**

---



**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**

# Children are being harmed at alarming rates

---

## Mental Health

---

### Teen suicide rates

Have **doubled** in Australia & **tripled** in the US in the past decade.

## Gaming

---

### 4 million kids

In Australia & USA display **clinically disordered** gaming problems.

## Pornography

---

### 11 years old

is the **average** age of exposure to pornography.

## Sexual abuse

---

### 1/3 sexual abuse

towards children is perpetrated by **other children**.

## Predators

---

### 200% increase

of **child sexual exploitation** content posted in 2020.

## Sexual Exploitation

---

### 44% sexual content

distributed by **paedophiles** online  
Is **self-generated** by children.

## Screen time

---

### 7.5 hours a day

children and teens are **averaging** on screens.

## Cyber bullying

---

### 70% teens

have been treated in a **distressing or harmful** way in the past year (2021)

# Wellbeing, regulation & integration is the focus of an evolving market

---



Radicalisation & mental health is driving unprecedented growth in Safeguarding



Recent M&A includes Smoothwall, Qustodio, Rhithm, ContentKeeper, Impero, CPOMs



CIPA, KCSIE, NAG and data privacy regulations expanding. Competition laws improving access





# Funding sources are exploding

There is unprecedented **funding** flooding into the space of student wellbeing. Our customers are trying to address wellbeing at scale with efficient tools and solutions.

The Biden administration has committed

**\$125 billion in funding**  
for districts to support student wellbeing and other programs.

Wellbeing funding framework:

**Prevention**

Established funding regimes eg e-rate

**Early Detection & Intervention**

**\$64.5B<sub>USD</sub>**

**Education**

**\$53.3B<sub>USD</sub>**

# FY2022 Achievements



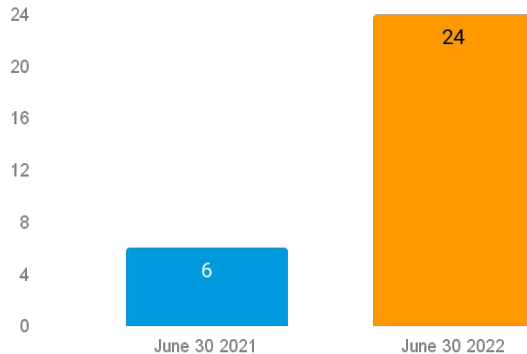
## FY2022 ACHIEVEMENTS

# in FY 2022 we ACHIEVED SCALE

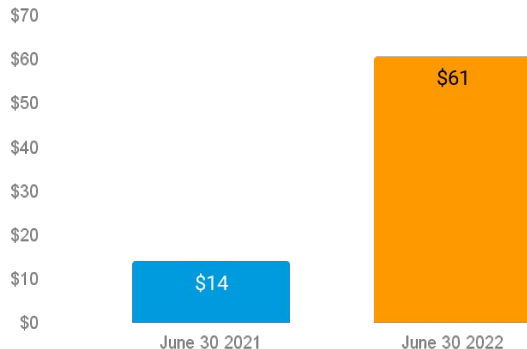
In FY 2022 we:

- ✓ Grew the # of schools serviced by **316%** (6K to 24K)
- ✓ Grew the # students services by **300%** (3M to 12M)
- ✓ Grew our K-12 ARR by **330%** (\$14M to \$61M)
- ✓ Organically grew our ARR by **96%**
- ✓ Reached 16% of US school districts (from < 10%)

## School Clients Thousands



## Annual Recurring Revenue AUD Millions





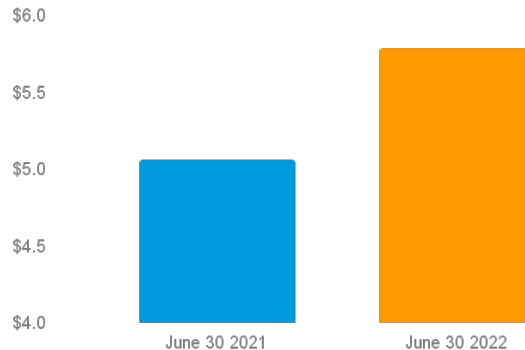
## FY2022 ACHIEVEMENTS

# in FY 2022 we **ACHIEVED LEVERAGE**

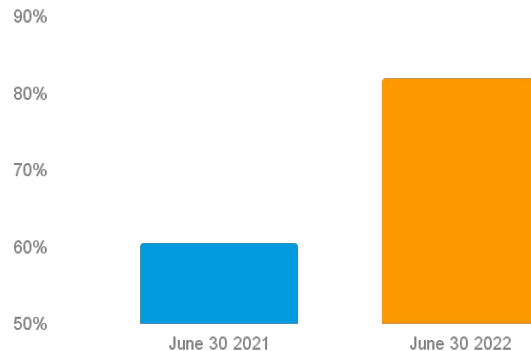
In FY 2022 we:

- ✓ Grew average revenue / student by **14%**
- ✓ Grew gross margin to **82%** (from 61%)

Average Revenue per Student  
AUD (GAAP)



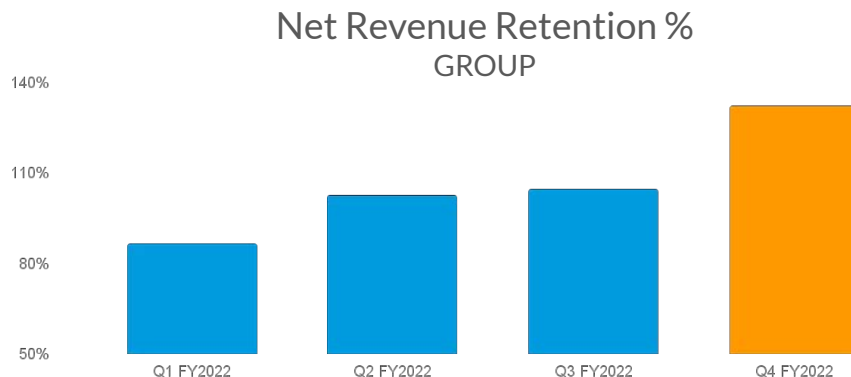
Gross Margin %  
After IT, Hardware & Selling Costs



## FY2022 ACHIEVEMENTS

in FY 2022 we  
**TRANSFORMED**  
from a *gross* to a *net new* business

In FY 2022 we achieved massive growth in Net Revenue Retention growing from Qtr 1: 87% to Qtr 4: 132%.



# FY2022 Financials

# Summary Profit & Loss

FAMILY ZONE GROUP SUMMARY PROFIT & LOSS	FY2022 \$ Millions	Excluding Non-Cash & Non-Recurring Items
Revenue	\$44.7	\$44.7
Other revenue	\$0.5	\$0.5
Direct costs	(\$14.6)	(\$14.6)
<b>Margin</b>	<b>\$30.6</b>	<b>\$30.6</b>
Margin %	68%	68%
Employee benefits	(\$48.9)	(\$48.9)
Share based payments	(\$19.5)	\$0.0
Administration	(\$10.3)	(\$8.4)
Total Operating Costs	(\$78.7)	(\$57.3)
<b>EBITDA</b>	<b>(\$48.1)</b>	<b>(\$26.7)</b>
Depreciation & amortisation	(\$10.5)	\$0.0
Acquisition related expenses	(\$4.7)	\$0.0
Finance costs	(\$2.1)	(\$0.7)
Exchange differences on translating foreign operations	(\$11.4)	\$0.0
Income tax benefit	\$1.4	\$0.0
<b>Earnings after tax</b>	<b>(\$75.4)</b>	<b>(\$27.4)</b>

FAMILY ZONE GROUP BY SEGMENT	ANZ	UK	USA
Revenue	\$3.8	\$29.0	\$12.0
Other Revenue	\$0.1	\$0.1	\$0.2
Direct costs	(\$6.1)	(\$6.5)	(\$1.9)
	<b>(\$2.2)</b>	<b>\$22.5</b>	<b>\$10.3</b>

## Key observations

- Includes 10.5 months of Smoothwall trading
- Average of 68% service margin is now above >80%
- Average revenue per student increasing with product expansion, cross & upsells
- Substantial (\$6.6 million) of non-recurring cash expenses incurred due to corporate activity
- \$48 million taken up for non cash items (staff ESS, depreciation, amortisation and forex provisions)
- Share based payments include one-off items and expected to moderate to circa 15% of staff costs
- Cash EBITDA driving to cash flow breakeven

# Summary Balance Sheet

## Key observations

- Cash balance includes the capital raised to acquire Qustodio
- Intangible assets relate to goodwill, software and customer relationship assets acquired with Smoothwall and Cipafilter
- The deferred tax liability balance is a result of the amortisation intangible assets brought onto the balance sheet through acquisition accounting described above (i.e. other than goodwill)

<b>FAMILY ZONE GROUP SUMMARY BALANCE SHEET</b>	<b>FY2022 \$ Millions</b>	<b>FY2021 \$ Millions</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$32.7	\$34.9
Trade & Other Receivables	\$12.0	\$8.8
Prepayments, inventory & contract assets	\$6.0	\$2.3
<b>Total Current Assets</b>	<b>\$50.7</b>	<b>\$46.1</b>
<b>Non-Current Assets</b>		
Intangible assets	\$182.2	\$6.0
Financial assets, P&E, right of use and contract assets	\$7.7	\$5.5
<b>Total Non-Current Assets</b>	<b>\$190.0</b>	<b>\$11.4</b>
<b>Total Assets</b>	<b>\$240.7</b>	<b>\$57.5</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade & other payables	\$11.0	\$10.9
Contract Liabilities	\$28.7	\$5.6
Deferred consideration & borrowings	\$2.4	\$0.3
Provisions & lease liabilities	\$4.3	\$1.8
<b>Total Current Liabilities</b>	<b>\$46.3</b>	<b>\$18.5</b>
<b>Non-Current Liabilities</b>		
Trade & other payables		
Contract Liabilities	\$12.3	\$2.9
Deferred consideration & borrowings	\$2.0	\$0.2
Trade Payables, provisions & lease liabilities	\$2.71	\$2.59
Deferred tax liabilities	\$12.00	\$0.00
<b>Total Non-Current Liabilities</b>	<b>\$29.04</b>	<b>\$5.68</b>
<b>Total Liabilities</b>	<b>\$75.38</b>	<b>\$24.17</b>
<b>Net Assets</b>	<b>\$165.31</b>	<b>\$33.34</b>



# Summary Cash Flow

## Key observations

- Receipts from customers up 297%. Strong conversion of ARR to revenue to cash, demonstrating the growth in the business.
- Payments to suppliers and employees one off costs such as legal fees on an arbitration dispute that was found in the companies favour (\$1.9m) and acquisition costs (\$4.7m).
- Payment of \$15.4 million was made to the shareholders of Qustodio in August 2022 to complete the acquisition.
- Funding sources includes a \$10 million convertible note facility.

FAMILY ZONE GROUP SUMMARY CASH FLOWS	FY2022 \$ Millions	FY2021 \$ Millions
<b>Cash flows from operating activities</b>		
Receipts from customers	\$41.3	\$10.4
Government grants received	\$3.5	\$2.1
Payments to suppliers and employees	(\$81.8)	(\$27.9)
Net interest received/(paid)	(\$0.3)	(\$0.1)
<b>Net cash flows (used in) operating activities</b>	<b>(\$37.3)</b>	<b>(\$15.5)</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of businesses, net of cash	(\$142.3)	\$0.0
Purchase of plant & equipment	(\$1.3)	(\$2.0)
<b>Net cash flows (used in) investing activities</b>	<b>(\$143.6)</b>	<b>(\$2.0)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares, net of issue costs	\$179.7	\$47.8
Payment of principal portion of lease liabilities	(\$1.2)	(\$0.6)
Proceeds from/(repayments) of borrowings	\$0.3	(\$0.8)
<b>Net cash flows from financing activities</b>	<b>\$178.8</b>	<b>\$46.4</b>
Net increase in cash and cash equivalents	(\$2.09)	\$28.99
Cash and cash equivalents at the beginning of the year	\$34.93	\$5.81
Effects of foreign exchange rates	(\$0.10)	\$0.14
<b>Cash and cash equivalents at the end of the year</b>	<b>\$32.7</b>	<b>\$34.9</b>