



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



Leeds

Charlotte

San Diego

Orlando

Barcelona

✓ 13M students

✓ 24K schools

✓ 38% of UK schools

✓ 16% of US districts

✓ 340K parents

✓ 10 telco partners

✓ AU\$80 million ARR *

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

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.

Pornography

11 years old

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

Predators

200% increase

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

Screen time

7.5 hours a day

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

Gaming

4 million kids

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

Sexual abuse

1/3 sexual abuse

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

Sexual Exploitation

44% sexual content

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

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_{USD}

Education

\$53.3B_{USD}

FY2022 Achievements



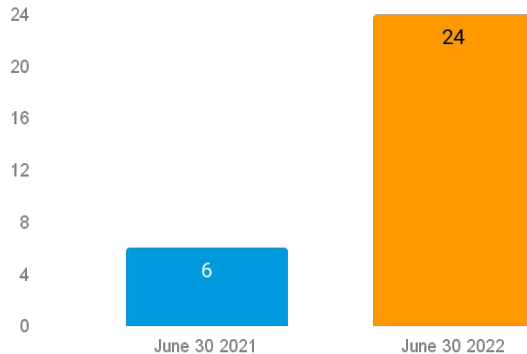
FY2022 ACHIEVEMENTS

in FY 2022 we ACHIEVED SCALE

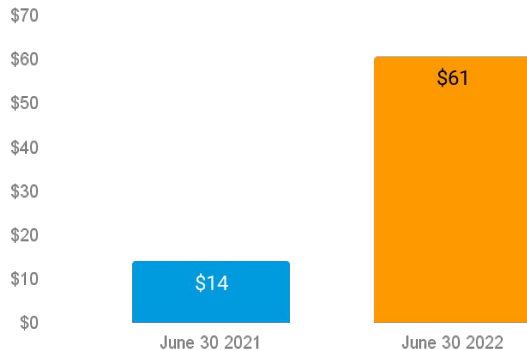
In FY 2022 we:

- ✓ 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





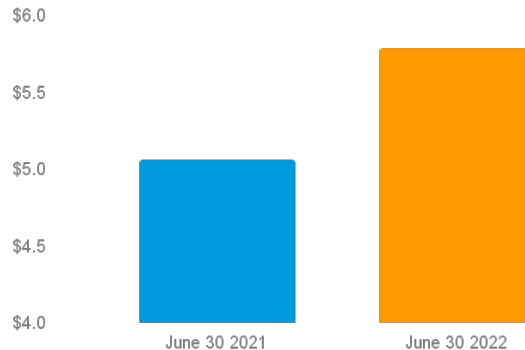
FY2022 ACHIEVEMENTS

in FY 2022 we
ACHIEVED LEVERAGE

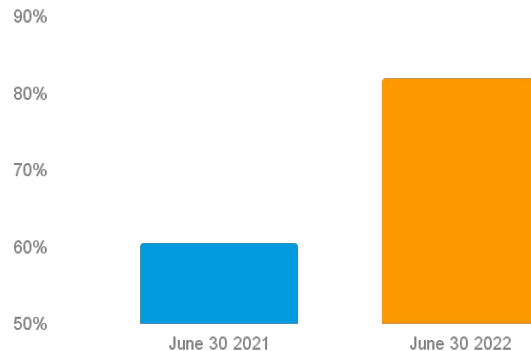
In FY 2022 we:

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

Average Revenue per Student
AUD (GAAP)



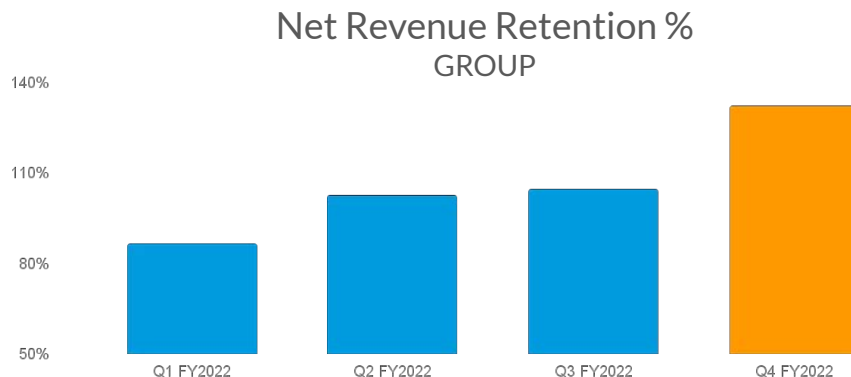
Gross Margin %
After IT, Hardware & Selling Costs



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)
Margin	\$30.6	\$30.6
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)
EBITDA	(\$48.1)	(\$26.7)
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
Earnings after tax	(\$75.4)	(\$27.4)

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)
	(\$2.2)	\$22.5	\$10.3

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)

FAMILY ZONE GROUP SUMMARY BALANCE SHEET	FY2022 \$ Millions	FY2021 \$ Millions
Assets		
Current Assets		
Cash and cash equivalents	\$32.7	\$34.9
Trade & Other Receivables	\$12.0	\$8.8
Prepayments, inventory & contract assets	\$6.0	\$2.3
Total Current Assets	\$50.7	\$46.1
Non-Current Assets		
Intangible assets	\$182.2	\$6.0
Financial assets, P&E, right of use and contract assets	\$7.7	\$5.5
Total Non-Current Assets	\$190.0	\$11.4
Total Assets	\$240.7	\$57.5
Liabilities		
Current Liabilities		
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
Total Current Liabilities	\$46.3	\$18.5
Non-Current Liabilities		
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
Total Non-Current Liabilities	\$29.04	\$5.68
Total Liabilities	\$75.38	\$24.17
Net Assets	\$165.31	\$33.34

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
Cash flows from operating activities		
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)
Net cash flows (used in) operating activities	(\$37.3)	(\$15.5)
Cash flows from investing activities		
Payments for purchase of businesses, net of cash	(\$142.3)	\$0.0
Purchase of plant & equipment	(\$1.3)	(\$2.0)
Net cash flows (used in) investing activities	(\$143.6)	(\$2.0)
Cash flows from financing activities		
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)
Net cash flows from financing activities	\$178.8	\$46.4
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
Cash and cash equivalents at the end of the year	\$32.7	\$34.9