

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.

Not for release to US wire services or distribution in the United States

9 March 2023

SUCCESSFUL COMPLETION OF PLACEMENT

Family Zone Cyber Safety Limited (**Family Zone** or the **Company**) is pleased to announce the successful completion of its placement of new fully paid ordinary shares (**New Shares**) to professional and wholesale investors raising a total of approximately \$20.0 million (the **Offer**).

The Company is growing and managing costs to an expected cash-flow run-rate break even this financial year. Given this coming inflection point and the Company's scale, which approaches \$100 Million of ARR, the Company is now in the position to attract a mix of debt & equity to lower the cost of capital for growth and future investments.

The Company has been working on an integrated capital strategy and is pleased to advise the following:

- **Capital Raising:** The Company has received firm commitments from institutional and sophisticated investors for \$20 Million in the placement, and will be converting \$5 Million of its existing working capital facility to equity, effectively raising \$25 Million in fresh equity.
- **Fully Funded:** This capital raising allows the Company to be unequivocally funded through cash flow break-even to profitability with a buffer and significant flexibility.
- **Debt Funding:** Given this funding and the termination of the existing working capital facility the Company is now in the position to attract conventional debt funding. Discussions in this regard are well advanced with a conclusion expected this calendar year.

With a strengthened balance sheet the Company expects to be able to direct the market's attention to the quality and potential of its underlying business which is experiencing tremendous growth and expeditiously unlock value for shareholders.

Proceeds raised under the Offer will be used:

- To strengthen the Balance Sheet to support additional growth and corporate opportunities;
- For working capital to fund the Company beyond cashflow break even and profit; and
- To repay the drawn down portion of the North City working capital facility that is not converting into equity.

New Shares under the Offer will be issued at a price of \$0.18 per New Share (**Offer Price**), which represents a:

- 14.3% discount to the last closing price of Family Zone shares on ASX on 6 March 2023 of \$0.21 per share
- 1.9% discount to the 5-day VWAP¹ up to and including 6 March 2023 of \$0.1836 per share

The Offer comprises a \$20 million two-tranche placement, comprising:

- an unconditional placement of approximately 105 million new Securities at the Offer Price to Sophisticated and Professional Investors to raise approximately A\$19 million under FZO's placement capacity in accordance with Listing Rule 7.1 and 7.1A (Unconditional Placement); and
- a placement of approximately 6 million new Securities at the Offer Price to Directors of the Issuer and an institutional investor. The placement to Directors is conditional on shareholder approval and the Directors are expected to participate for approximately A\$925,000. Any allocation of New Shares under the Placement to a Company Director will be conditional to obtaining shareholder approval at the General Meeting (Conditional Placement).

Shaw and Partners Limited and Euroz Hartleys Limited acted as Joint Lead Managers to the Offer.

KEY DATES

Key dates in relation to the Offer are as follows:

Event	Date
Announcement of the Offer and trading halt lifted	Thursday, 9 March 2023
DvP Settlement of the Unconditional Placement	Tuesday, 14 March 2023
Allotment of Unconditional Placement Shares	Wednesday, 15 March 2023
Lodge Notice of Meeting for shareholders to approve tranche 2 of the placement	Tuesday, 28 March 2023
General Meeting to approve Tranche 2	Thursday, 27 April 2023
Settlement date of tranche 2 of the Placement	Wednesday, 3 May 2023
Allotment and Trading of Tranche 2 Placement Offer shares	Thursday, 4 May 2023

The timetable is indicative only and, subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws, Family Zone may at its discretion vary the above dates by lodging a revised timetable with the ASX. The commencement of trading and quotation of New Shares issued under the Offer is subject to confirmation from ASX. All times referred to in this table are Melbourne time.

All the amounts are in Australian dollars unless otherwise indicated.

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This announcement was approved by Family Zone's Managing Director Tim Levy, on behalf of the Family Zone Board.

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

¹ The "volume weighted average market price" as that term is defined in Chapter 19 of the ASX Listing Rules.

Not an offer in the United States

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This announcement contains certain “forward-looking statements”. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Family Zone, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Family Zone’s business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Family Zone as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Family Zone, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise