



FAMILY ZONE APPOINTMENTS MATTHEW STEPKA TO THE BOARD AND RAISES \$10 MILLION TO ACCELERATE GROWTH INTO THE US

Family Zone Cyber Safety Ltd (ASX: FZO, **Family Zone** or the **Company**) is pleased to update the market on a \$10 million capital raising and new Board appointment.

Highlights

- Family Zone successfully raises \$10m in heavily oversubscribed placement to accelerate US education growth driven by cyber safety needs in on-line learning due to the current Covid-19 pandemic.
- The Company has received binding commitments to raise \$10 million through the issue of 83,333,335 shares at \$0.12 per share (**Placement**). Participants in the Placement include a mix of existing shareholders, institutional and high net worth investors across Australia and the US.
- Mr Matthew Stepka, US based, globally renowned technology leader and former VP of Google to join the Company as a Non-Executive Director.
- Chairman, Mr Peter Pawlowitsch, has committed \$500,000 in the Placement.
- With the proceeds of the Placement, and growing recurring revenues the Company is well funded and positioned to invest in acceleration. Capital will be used to accelerate growth in US education in particular.



Appointment of US based, ex-Google Executive, Matthew Stepka

The Company is pleased to announce the appointment of globally renowned San Francisco, Matthew Stepka as a Non Executive Director.

Mr Stepka is Managing Partner of Machina Ventures, an investment firm focused on early stage, artificial intelligence and data science enabled companies. He is also a Lecturer at UC Berkeley, Haas School of Business.

Until recently, Matthew was Vice President, Business Operations and Strategy at Google, where he led and incubated strategic initiatives, especially mission-driven projects with high social impact. Joining Google in 2007, Matthew led efforts ranging from expanding internet access, developing clean energy, strengthening freedom of expression and democracy, innovating in robotics, establishing novel pricing strategies and extending Google's footprint in emerging markets, especially Africa.

Prior to joining Google, Matthew held positions including:

- Vice President at drugstore.com;
- Chief Operating Officer of WorldRes (a leading online hotel reservation network)
- Management consultant with McKinsey & Company; and
- Systems consultant with Price Waterhouse.

Matthew co-founded CyberJava, one of the first Internet cafes, and was a freelance software programmer from an early age.

Matthew holds a Juris Doctorate from UCLA School of Law. He has Bachelor of Science degrees in Computer Engineering and Management from Case Western Reserve University. He served on the Board of World Affairs Council and is an inaugural Disruptor Foundation Fellow. Matthew is a member of the California State Bar.

Matthew Stepka said, *"I strongly believe in the mission of Family Zone to provide children a safe and nurturing learning environment in the classroom, at home and everywhere in between. I have confidence that the company is well positioned to be a global leader in the education cyber safety market. In particular, I am excited to work with the management team to expand the product offering and leverage their existing strengths to serve the massive US market."*

Tim Levy, Managing Director of Family Zone said *"The appointment of Matthew to our Board is one of our proudest achievements. It validates not only our platform and US business but our potential to impact future generations of internet users. Matthew is a passionate advocate for a safer internet and works to this end every day through his various philanthropic and commercial endeavours."*

As a Director, Matthew will guide and mentor our US team, introduce the Company to strategic relationships and opportunities within US-based tech companies and help shape Family Zone's AI and wellbeing strategy and products.



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

\$10 million raised to capitalise on US growth opportunities

The Company is pleased to announce it has received binding commitments to raise \$10 million (before costs) through a placement of 83,333,335 new shares at an issue price of \$0.12 per share.

Net proceeds from the Placement will be principally used to invest in and accelerate growth in the US education sector.

The Company's US education business has been growing strongly and in the March quarter achieved 93% quarter on quarter growth in sales contracts. With building market awareness and product advantages the Company has been predicting ongoing growth.

COVID-19 however has created an environment in which the Company can accelerate. As a response to COVID-19 the US government is injecting USD13.5 billion into technology to support online learning. This is expected to drive growth in learning devices being issued to students in US schools and with US law requiring content filtering, this will increase Family Zone's addressable market.

Placement funds, will be used to invest in product and business development activities focussed on serving US school districts and their parent communities.

The Placement price of \$0.12 represents a 7.7% discount to the last closing price on 23 April 2020 of \$0.13 and a 16.6% discount to the 15 day vwap of \$0.14.

Bell Potter Securities Limited acted as Lead Manager to the Placement.

The first tranche of the Placement will be issued under the Company's existing placement capacity with 28,594,362 shares issued under the Company's Listing Rule 7.1 capacity and 23,905,640 shares issued under the Company's Listing Rule 7.1A capacity. Issue of the second tranche of 30,833,333 shares is subject to shareholder approval, to be sought at a General Meeting to be held in June 2020.

The Company is pleased with the participation of a strong mix of existing shareholders, institutional and high net worth investors across Australia and the US.

The Company also acknowledges the investment by the Chairman, Mr Peter Pawlowitsch of \$500,000 in the Placement (subject to shareholder approval).

The Company's cash balance at 31 March 2020 was \$1.9 million. With the proceeds of this Placement, and growing recurring revenues the Company is well funded and positioned to invest in acceleration.



Shareholder meeting

As described above the Placement is being conducted in two tranches with Tranche 2, subject to shareholder approval which shall be sought at a General Meeting to be held in June 2020.

At the General Meeting the Company will seek approval for the issue of the Tranche 2 of Placement shares; the issue of 4,166,666 Shares to Mr Peter Pawlowitsch through his participation in the Placement; the issue of 2,000,000 Broker Options (\$0.18, 3 years) to Bell Potter as part of its Lead Manager fees; and the issue of 5,000,000 SP Performance Rights and 500,000 Remuneration Performance Rights to Mr Stepka as part of his remuneration package.

Authorised by the Board of Family Zone Cyber Safety Limited

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.

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Annexure 1 : Material appointment terms

The material terms of Mr Stepka's appointment as a Non-executive Director are as follows

- Commencement date 1 May 2020
- Annual remuneration A\$60,000 (500,000 Remuneration Performance Rights proposed to be issued in lieu of cash, subject to shareholder approval)
- the issue of 5,000,000 SP Performance Rights with the following vesting conditions, subject to shareholder approval.

Tranche	Vesting Condition	Number
1	The 30 day VWAP of the Company's Shares being greater than the Placement issue price being \$0.12	1,000,000
2	The 30 day VWAP of the Company's Shares increases by 50% above the Placement issue price being \$0.18	1,000,000
3	The 30 day VWAP of the Company's Shares increases by 100% above the Placement issue price being \$0.24	1,000,000
4	The 30 day VWAP of the Company's Shares increases by 200% above the Placement issue price being \$0.36	1,000,000
5	The 30 day VWAP of the Company's Shares increases by 400% above the Placement issue price being \$0.60	1,000,000

Further details in respect to the terms and conditions of the Performance Rights proposed to be issued to Mr Stepka under the Company's Performance Rights Plan will be outlined in the Notice of Meeting sent to Shareholders.