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**FAMILY ZONE CYBER SAFETY LIMITED**  
**ACN 167 509 177**

**APPENDIX 4E**  
**GIVEN TO THE ASX UNDER LISTING RULE 4.3A**

**Reporting Period**

Financial year end	30 June 2020
Previous corresponding reporting period	30 June 2019

**Results for Announcement to Market**

	<b>30 June 2020 \$</b>	<b>30 June 2019 \$</b>	<b>% increase/ (decrease) over corresponding period</b>
Revenue from ordinary activities	5,090,173	4,184,323	21.6%
Profit/(Loss) after tax from ordinary activities attributable to members	(17,206,409)	(14,401,137)	19.5%
Net profit/(loss) for the period attributable to members	(17,216,004)	(14,416,110)	19.4%

**Dividends**

No dividends have been declared or paid during the year ended 30 June 2020. The Directors do not recommend the payments of a dividend in respect of the year ended 30 June 2020.

The Company does not have any dividend reinvestment plan in operation.

**Explanation of Results**

The Group derives its operating revenue through the sale of its parental control service subscriptions to parents, through direct and wholesale channels and its cyber safety services to schools through contracted student licenses. Whilst the Group reported growth in customer sales across all distribution channels, the US education business was the key revenue driver for the Group during the year. Following a strategic review the Company suspended its wholesale telco distribution channel during the year to refocus its investment on the sales growth opportunities presented in the US education market.

The Group reported operating revenues of \$5.09 million for the current financial year representing a 21.6% increase from the prior year, with the US education business sales being approximately \$1.35 million, representing an increase of 70.4% from the prior year.

The Group continued to invest in the development of new products as well as undertaking a number of major product enhancements including the launch of its teacher tool Classwize in February 2020 which has proved to be a valuable tool for schools particularly following the move

to remote learning in the wake of the COVID 19 pandemic. The Company has also invested in expanding the scale of its Platform to support the increasing number of users and scale of opportunities presented in the US education market. Family Zone's continued investment in R&D activities during the year, resulted in the Group receiving government R&D grant income of approximately \$2.39 million resulting in operating revenue and other income for the year of approximately \$8.47 million.

Employee benefits and director remuneration was a key expenditure item for the financial year being approximately \$10.05 million. During the year the Group invested in the establishment of an experienced sales and delivery team to drive growth in the US education market.

Non-cash share based payments to employees and consultants during the period were approximately \$2.51 million. These equity incentives are designed to ensure employee interests were closely aligned with the achievement of the Group's operational and financial targets and also to reduce cash payments as part of the Group's commitment to reduce cash overheads. Another significant non-cash expenditure items was the depreciation and amortisation charge for the financial year of approximately \$4.16 million.

The Group reported a net loss attributable to members for the period of approximately \$17.21 million.

#### **Net Tangible Assets per Security**

<b>Net Tangible Asset/(Liabilities) per share</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
Net tangible assets/(liabilities) (cents per share)	1.07	1.96

#### **Controlled entities**

The Company did not gain or lose control over any entities during the financial year. The Company's controlled entities as at 30 June 2020 are outlined below.

<b>Controlled entities</b>	<b>Country of Incorporation</b>	<b>Date of incorporation / acquisition</b>
Family Zone Inc.	USA	9 September 2016
Family Zone Cyber Safety Pte. Ltd.	Singapore	2 June 2017
Family Zone NZ Cyber Safety Ltd (formerly Linewize Services Ltd)	New Zealand	29 November 2017

The Group did not have any associates or joint ventures during the year.

#### **Audit**

This Appendix 4E is based on the financial report for year ended 30 June 2020, which is in the process of being audited.

#### **Attachments**

The Preliminary Final Report of Family Zone Cyber Safety Limited for the year ended 30 June 2020 is attached.

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 30 June 2020*

	Note	2020 \$	2019 \$
Revenue	3	5,090,173	4,184,323
Cost of sales		(2,248,493)	(2,033,080)
<b>Gross profit</b>		<b>2,841,680</b>	<b>2,151,243</b>
Other income	3	3,375,692	3,847,124
Advertising		(671,184)	(1,005,088)
Administration		(1,083,398)	(1,866,391)
IT		(3,659,943)	(1,112,338)
Share based payments	4	(2,505,169)	(1,933,070)
Employee benefits		(10,048,900)	(9,927,363)
Depreciation and amortisation	7, 8	(4,164,248)	(4,498,680)
Contingent consideration revaluation gain/(loss)		(87,582)	1,168,470
Other		(988,953)	(1,124,773)
<b>Operating loss</b>		<b>(16,992,005)</b>	<b>(14,300,866)</b>
Finance costs		(214,404)	(100,271)
<b>Loss before income tax</b>		<b>(17,206,409)</b>	<b>(14,401,137)</b>
Income tax benefit/(expense)		-	-
<b>Loss after tax for the period attributable to the members of Family Zone Cyber Safety Limited</b>		<b>(17,206,409)</b>	<b>(14,401,137)</b>
<b>Other comprehensive income</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Exchange differences on translating foreign operations, net of tax		(9,595)	(14,973)
<b>Total comprehensive (loss) for the period attributable to the members of Family Zone Cyber Safety Limited</b>		<b>(17,216,004)</b>	<b>(14,416,110)</b>
Basic and diluted loss per share (cents per share) for the year attributed to the members of Family Zone Cyber Safety Limited	5	(15.28)	(9.07)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2020*

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	5,807,193	5,116,523
Trade and other receivables		4,704,038	3,228,710
Prepayments		188,611	805,604
Inventory		249,993	157,152
<b>Total Current Assets</b>		<b>10,949,835</b>	<b>9,307,989</b>
<b>Non-Current Assets</b>			
Intangibles	7	1,251,177	4,826,403
Trade and other receivables		76,859	80,112
Plant and equipment	8	1,540,565	682,757
Right to use assets		365,740	-
<b>Total Non-current Assets</b>		<b>3,234,341</b>	<b>5,589,272</b>
<b>TOTAL ASSETS</b>		<b>14,184,176</b>	<b>14,897,261</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		3,305,256	2,497,837
Deferred revenue		2,166,239	1,625,903
Provisions		595,108	491,728
Contingent consideration		(254)	629,440
Borrowings		1,272,510	1,469,535
Lease liability		225,642	-
<b>Total Current Liabilities</b>		<b>7,564,501</b>	<b>6,714,443</b>
<b>Non-current Liabilities</b>			
Trade and other payables		12,675	12,675
Deferred revenue		1,917,795	188,079
Contingent consideration		22,371	47,595
Provisions		103,563	-
Lease Liability		156,625	-
<b>Total Non-current Liabilities</b>		<b>2,213,029</b>	<b>248,349</b>
<b>TOTAL LIABILITIES</b>		<b>9,777,530</b>	<b>6,962,792</b>
<b>NET ASSETS</b>		<b>4,406,646</b>	<b>7,934,469</b>
<b>EQUITY</b>			
Issued capital	9	56,673,575	45,567,979
Reserves	10	10,024,577	7,451,587
Accumulated losses		(62,291,506)	(45,085,097)
<b>TOTAL EQUITY</b>		<b>4,406,646</b>	<b>7,934,469</b>

*The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.*

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the year ended 30 June 2020*

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	30,873,178	6,842,123	(30,683,960)	11,663	7,043,004
Loss for the year	-	-	(14,401,137)	-	(14,401,137)
Total other comprehensive income	-	-	-	(14,973)	(14,973)
<b>Total comprehensive loss for the year</b>	-	-	<b>(14,401,137)</b>	<b>(14,973)</b>	<b>(14,416,110)</b>
<i>Transaction with owners, directly recorded in equity:</i>					
Issue of Ordinary Shares, net of transaction costs	14,694,801	-	-	-	14,694,801
Issue of Options, Performance Rights & Performance Shares	-	612,774	-	-	612,774
Total transactions with owners	<b>14,694,801</b>	<b>612,774</b>	-	-	<b>15,307,575</b>
<b>Balance at 30 June 2019</b>	<b>45,567,979</b>	<b>7,454,897</b>	<b>(45,085,097)</b>	<b>(3,310)</b>	<b>7,934,469</b>
	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	45,567,979	7,454,897	(45,085,097)	(3,310)	7,934,469
Loss for the year	-	-	(17,206,409)	-	(17,206,409)
Total other comprehensive income	-	-	-	(9,595)	(9,595)
<b>Total comprehensive loss for the year</b>	-	-	<b>(17,206,409)</b>	<b>(9,595)</b>	<b>(17,216,004)</b>
<i>Transaction with owners, directly recorded in equity:</i>					
Issue of Ordinary Shares, net of transaction costs	11,105,596	-	-	-	11,105,596
Issue of Options, Performance Rights & Performance Shares	-	2,643,325	-	-	2,643,325
Reversal of performance rights	-	(20,833)	-	-	(20,833)
Reversal of employee options	-	(39,907)	-	-	(39,907)
Total transactions with owners	<b>11,105,596</b>	<b>2,582,585</b>	-	-	<b>13,688,181</b>
<b>Balance at 30 June 2020</b>	<b>56,673,575</b>	<b>10,037,482</b>	<b>(62,291,506)</b>	<b>(12,905)</b>	<b>4,406,646</b>

*The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.*

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**CONSOLIDATED STATEMENT OF CASHFLOWS**

*For the year ended 30 June 2020*

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		5,888,149	4,181,121
Government grants received		1,943,696	1,882,977
Payments to suppliers and employees		(16,090,303)	(16,257,044)
Interest (paid)/received		(18,516)	(16,509)
<b>Net cash flows (used in) operating activities</b>	6	<b>(8,276,974)</b>	<b>(10,209,455)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant & equipment		(1,446,830)	(614,487)
Payments for intangible assets		-	(52,094)
<b>Net cash flows (used in) investing activities</b>		<b>(1,446,830)</b>	<b>(666,581)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of issue costs		10,440,512	12,135,673
Proceeds from borrowings		1,522,017	1,401,937
Repayments of borrowings		(1,523,106)	-
<b>Net cash flows from financing activities</b>		<b>10,439,423</b>	<b>13,537,610</b>
Net increase in cash and cash equivalents		715,619	2,661,574
Cash and cash equivalents at beginning year		5,116,523	2,461,222
Effects of foreign exchange rates		(24,949)	(6,273)
<b>Cash and cash equivalents at end year</b>	6	<b>5,807,193</b>	<b>5,116,523</b>

*The above Consolidated Statement of Cashflows is to be read in conjunction with the accompanying notes.*

**Non-cash financing and investing activities**

During the year the Group issued equity securities as payment for services to the value of \$507,143 (2019: \$138,067). These issue costs are not reflected in the Statement of Cashflows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

### NOTE 1: BASIS OF PREPARATION OF THE YEAR END FINANCIAL REPORT

The preliminary financial report has been prepared in accordance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with the Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*. This year end financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this preliminary report is to be read in conjunction with the annual financial report for the year ended 30 June 2019, the interim financial report for the half-year ended 31 December 2019 and any public announcement made by Family Zone Cyber Safety Limited during the reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001*.

### NOTE 2: SEGMENT REPORTING

The chief operating decision maker has been identified as the Board of Directors.

The Group has three main operating segments being, information technology (and more specifically the provision of cyber safety services) in Australia, New Zealand and United States of America. The Group also operates in Asia, however this is in the early stages of development, and has been allocated to other. Other also includes head office & corporate expenditure. This is consistent with the internal reporting provided to the chief operating decision maker.

30 June 2020	Australia	USA	New Zealand	Other	Total
<b>Segment Income</b>					
Sales revenue	4,163,988	1,347,139	984,428	70,871	6,566,426
Other income	3,173,133	309,064	4,916	28,157	3,515,270
Less: Intercompany revenue	(1,633,914)	18,083	-	-	(1,615,831)
<b>Segment Income</b>	<b>5,703,207</b>	<b>1,674,286</b>	<b>989,344</b>	<b>99,028</b>	<b>8,465,865</b>
<b>Segment Expenses</b>					
Cost of sales	(1,023,742)	(874,424)	(330,922)	(19,405)	(2,248,493)
Operating expenses	(9,287,421)	(2,723,486)	(1,170,044)	86,529	(13,094,421)
Research and development	(3,482,679)	(125,954)	(51,309)	-	(3,659,943)
Share based payments	-	-	-	(2,505,169)	(2,505,169)
<b>Loss before depreciation and amortisation</b>	<b>(8,090,635)</b>	<b>(2,049,578)</b>	<b>(562,931)</b>	<b>(2,339,016)</b>	<b>(13,042,161)</b>
Depreciation and amortisation	(930,055)	(187,505)	(3,046,688)	-	(4,164,248)
<b>Loss before income tax</b>	<b>(9,020,690)</b>	<b>(2,237,084)</b>	<b>(3,609,619)</b>	<b>(2,339,016)</b>	<b>(17,206,409)</b>
<b>30 June 2020</b>	<b>Australia</b>	<b>USA</b>	<b>New Zealand</b>	<b>Other</b>	<b>Total</b>
<b>Segment Assets</b>	8,809,040	3,598,089	1,637,381	139,666	<b>14,184,176</b>
<b>Segment Liabilities</b>	(5,125,068)	(4,065,659)	(567,839)	(18,964)	<b>(9,777,530)</b>

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<b>30 June 2019</b>	<b>Australia</b>	<b>USA</b>	<b>New Zealand</b>	<b>Other</b>	<b>Total</b>
<b>Segment Income</b>					
Sales Revenue	3,209,353	790,384	193,846	(9,262)	4,184,323
Other Income	3,840,053	7,015	49	8	3,847,124
Less: Intercompany revenue	-	-	-	-	-
<b>Segment Income</b>	<b>7,049,406</b>	<b>797,399</b>	<b>193,895</b>	<b>(9,254)</b>	<b>8,031,447</b>
<b>Segment Expenses</b>					
Cost of sales	(1,675,055)	(163,721)	(131,582)	(62,722)	(2,033,080)
Operating Expenses	(8,958,882)	(2,281,655)	(1,527,960)	(86,921)	(12,855,417)
Research and Development	(1,061,434)	(871)	(50,033)	-	(1,112,338)
Share based payments	-	-	-	(1,933,070)	(1,933,070)
<b>Loss before depreciation and amortisation</b>	<b>(4,645,964)</b>	<b>(1,648,847)</b>	<b>(1,515,680)</b>	<b>(2,091,966)</b>	<b>(9,902,458)</b>
Depreciation and amortisation	(1,459,069)	(2,991,362)	(48,249)	-	(4,498,680)
<b>Loss before Income Tax</b>	<b>(6,105,034)</b>	<b>(4,640,209)</b>	<b>(1,563,928)</b>	<b>(2,091,966)</b>	<b>(14,401,138)</b>
<b>30 June 2019</b>	<b>Australia</b>	<b>USA</b>	<b>New Zealand</b>	<b>Other</b>	<b>Total</b>
<b>Segment Assets</b>	9,435,125	4,485,045	953,993	23,099	<b>14,897,262</b>
<b>Segment Liabilities</b>	(5,655,350)	(566,319)	(556,624)	(184,500)	<b>(6,962,793)</b>

**NOTE 3: REVENUE AND OTHER INCOME**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Revenue</b>		
Service revenue	4,775,644	3,584,539
Hardware revenue	314,529	599,784
	<b>5,090,173</b>	<b>4,184,323</b>
<b>Other Income</b>		
Interest revenue	3,742	9,132
Other	981,806	7,032
Research and development grant	2,390,144	3,830,960
	<b>3,375,692</b>	<b>3,847,124</b>



**NOTE 4: SHARE BASED PAYMENTS**

Share based payments made during the year ended 30 June 2020 are summarised below:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Broker and advisor options issued in lieu of services provided	1,062,579	170,224
Shares issued to consultants in lieu of services provided	115,807	1,347,076
Options issued to employees and directors as incentive	377,789	221,592
Shares issued to employees and directors as incentive	313,920	130,000
Performance rights issued to employees as incentive and for services	1,129,888	272,097
Performance share issued to employees as incentive and for services	73,069	(69,852)
Reversal of SBP expenses as vesting conditions were not met	(60,740)	-
Less amounts recognised within equity	(507,143)	(138,067)
<b>Total share based payment expense</b>	<b>2,505,169</b>	<b>1,933,070</b>

**NOTE 5: EARNINGS PER SHARE**

<b>Loss per share</b>	<b>2020</b>	<b>2019</b>
Basic and diluted loss per share (cents per share)	(15.28)	(9.07)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	295,543,169	158,819,942

**NOTE 6: CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank	5,807,193	5,116,523
<b>Total cash and cash equivalents</b>	<b>5,807,193</b>	<b>5,116,523</b>

**Reconciliation to Statement of Cashflows**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(17,206,409)	(14,401,137)
<i>Non-cash items</i>		
Share-based payments	2,505,169	2,021,783
Advertising and other expenses settled in equity	-	73,511

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Impact of AASB16	31,881	-
Depreciation and amortisation	4,164,248	4,498,680
Revaluation of contingent consideration	87,582	(1,168,470)
Loan forgiveness	(327,124)	-
Write-down of prepayment for services provided	562,785	-
<i>Changes in Assets and Liabilities</i>		
Increase/(Decrease) in Trade and Other Payables	938,605	762,424
Increase/(Decrease) in Deferred Revenue	2,270,051	-
(Increase)/Decrease in Inventory	(92,841)	(65,614)
(Increase)/Decrease in Trade and Other Receivables	(1,417,865)	(1,914,204)
Increase)/(Decrease) in Provisions	206,944	(16,429)
<b>Cash flows used in operations</b>	<b>(8,276,974)</b>	<b>(10,209,45)</b>

**NOTE 7: INTANGIBLES**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Intellectual Property at cost	13,759,986	13,759,986
Less: Accumulated amortisation and impairment	(12,555,817)	(9,093,652)
Customer Contracts at cost	339,181	339,181
Less: Accumulated amortisation and impairment	(292,172)	(179,112)
	<b>1,251,177</b>	<b>4,826,403</b>

a) Reconciliation of movements in intangible assets

<b>Intangible Assets</b>	<b>\$</b>
Balance at 1 July 2018	9,025,186
Additions	52,094
Impairment expense	-
Amortisation expense	(4,250,877)
<b>Balance at 30 June 2019</b>	<b>4,826,403</b>
<b>Balance at 1 July 2019</b>	<b>4,826,403</b>
Additions	-
Impairment expense	-
Amortisation expense	(3,575,226)
<b>Balance at 30 June 2020</b>	<b>1,251,177</b>

**NOTE 8: PROPERTY, PLANT AND EQUIPMENT**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Property, plant & equipment – at cost	2,327,301	1,072,904
Less: Accumulated depreciation	(786,736)	(390,147)
<b>Total property, plant and equipment</b>	<b>1,540,565</b>	<b>682,757</b>

a) Reconciliation of movements in fixed assets

**Property, Plant and Equipment**

	<b>\$</b>
Balance at 1 July 2018	257,681
Additions	616,096
Reclassification of Inventory	58,392
Depreciation expense	(249,412)
<b>Balance at 30 June 2019</b>	<b>682,757</b>
Additions	1,446,830
Depreciation expense	(589,022)
<b>Balance at 30 June 2020</b>	<b>1,540,565</b>

**NOTE 9: ISSUED CAPITAL**

	<b>2020</b>	<b>2019</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
Issued Ordinary Shares - no par value (fully paid)	295,543,169	200,627,835
<b>Total</b>	<b>295,543,169</b>	<b>200,627,835</b>

	<b>Number of Shares</b>	<b>Value \$</b>
<b>Opening balance – 1 July 2018</b>	<b>134,610,852</b>	<b>30,873,178</b>
<b>Closing balance – 30 June 2019</b>	<b>200,627,835</b>	<b>45,567,979</b>

Shares issued to the Linewize vendors on conversion of performance shares on 4 September 2019	4,500,000	742,500
Placement to sophisticated investors - Tranche 1 on 3 October 2019	4,903,426	686,480
Placement to sophisticated investors - Tranche 2 on 8 November 2019	29,025,146	4,063,520
Shares issued on conversion of Class B performance shares 15 November 2019	7	-

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Shares issued to advisor on 15 November 2019	70,255	15,807
Shares issued to employees in lieu of cash salary on 2 March 2020	1,856,507	233,920
Shares issued to Director in lieu of cash salary on 4 May 2020	559,991	80,000
Placement to sophisticated investors - Tranche 1 on 6 May 2020	53,500,002	6,420,072
Shares issued to consultants for services provided on 27 May 2020	500,000	100,000
Costs of shares issued		(1,236,704)
<b>Closing Balance – 30 June 2020</b>	<b>295,543,169</b>	<b>56,673,575</b>

**NOTE 10: RESERVES**

**Nature and Purpose of Reserve**

The share based payment reserve records the value of options, performance rights and performance shares issued to the Group's directors, employees, and third parties. The value of the amount disclosed during the year reflects the value of options and performance shares issued by the Group.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Performance Shares	1,660,671	1,587,603
Performance Rights	3,229,993	2,120,938
Options	5,146,818	3,746,356
Foreign Currency Translation Reserve	(12,905)	(3,310)
<b>Total Reserves</b>	<b>10,024,577</b>	<b>7,451,587</b>