



Family Zone Cyber Safety Limited

ACN: 167 509 177

familyzone.com

945 Wellington St, West Perth WA 6005

corporate@familyzone.com

10 July 2020

Daniel Nicholson
Adviser, Listing Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Daniel

Response to ASX Aware Letter

Family Zone Cyber Safety Limited (**FZO** or **Company**) refers to the ASX Letter dated 7 July 2020 (**ASX Aware Letter**) and responds to each of your questions and requests for information below. Capitalised terms in this letter have the same meanings given in the ASX Aware Letter unless otherwise defined.

Company Observations

The ASX Aware Letter references the increase in share price and trading volume in the Company's shares in the one week period from 26 June 2020 to 3 July 2020, prior to the Company's sales update Announcement being posted to the ASX on 6 July 2020. The Company makes these general observations:

- The Company's share price hit a low of 6.3c on 23 March 2020 as a reaction to the uncertainty brought about by COVID-19. Since that time the market has appreciated the opportunities being created by COVID-19 for the Company. The ongoing COVID-19 driven school closures, particularly in the USA and Victoria, continues to drive media coverage which is supportive of the Company's product offerings.
- The Company's March 2020 quarterly sales update lodged with ASX on 8 April 2020 indicated strong sales growth and a building pipeline of sales opportunities into the coming quarter.
- On 29 April 2020 the Company announced it had completed a \$10 million capital raising which was to be used to accelerate US education growth driven by demand for cyber safety in the online learning environment driven by COVID-19.
- A number of listed technology companies experienced significant share price movements in June with an apparent change in market sentiment to the tech sector.

The Company is of the view that momentum in its share price commenced with the market's appreciation of the opportunities being created by COVID-19. This was enhanced through the



announcement of strong sales results in April and further with the announcement of a significant and successful placement later that month.

Response to ASX Questions

- 1. Does FZO consider the information in the Announcement, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

Yes.

- 2. If the answer to question 1 is “no” with respect to all information in the Announcement or any part thereof, please advise the basis for that view (addressing each part separately, where relevant).**

Not applicable.

- 3. When did FZO first become aware of the information in the Announcement? In your answer, please address each aspect of the Announcement separately, including all information under the following subheadings in the Announcement: a) Highlights for the quarter; b) Record growth in Education sales; c) Substantial growth in contracted revenue; and d) Consumer growth continues.**

The information contained in the Announcement under each of the sub-headings outlined above was based on sales data and contract information for the period ended 30 June 2020. In respect of each sub-heading of the Announcement referred to in Question 3 above the information first became available at the same time.

FZO first became aware of the information in the Announcement when the operational and financial information for the June 2020 quarter was finalised by the Company’s sales and finance teams and were delivered to our Managing Director for review and analysis. This was completed early afternoon WST on Friday 3 July 2020.

From then, our Managing Director, Tim Levy and Sales Director, Crispin Swan performed analysis and commenced preparation of the quarterly sales update announcement. Once finalised the draft ASX Announcement was immediately sent to the Board for review at 2.49pm WST.

The draft Announcement was reviewed by all Board Members and the Company Secretary and information in the draft Announcement was verified to internal working spreadsheets to ensure accuracy and to ensure metrics were reported in a consistent manner with previous quarters.

Following review and approval by the Board, the Announcement was lodged with ASX at 8.40am (EST) on Monday 6 July 2020 (prior to the commencement of trading on ASX).



- 4. If FZO first became aware of the information in the Announcement, or any part thereof, before 6 July 2020, did FZO make any announcement prior to the 6 July 2020 which disclosed the information? If so, please provide details (addressing each part separately, where relevant). If not, please explain why the relevant information was not released to the market at an earlier time, commenting specifically on when you believe FZO was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps FZO took to ensure that the information was released promptly and without delay.**

FZO first became aware of the information in the Announcement on the afternoon of Friday 3 July 2020 (see above answer to Question 3 for details).

As noted above the Announcement was prepared and released to the market as soon as possible after FZO became aware of the information on the afternoon of Friday 3 July. The Announcement was released to the market prior to the commencement of the next trading day following FZO becoming aware of the information.

- 5. Please confirm that FZO is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

Confirmed.

- 6. Please confirm that FZO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FZO with delegated authority from the board to respond to ASX on disclosure matters.**

Confirmed.

Yours sincerely

Emma Wates
Company Secretary



7 July 2020

Reference: 20211

Ms Emma Wates
Company Secretary
Family Zone Cyber Safety Limited

By email: ew@grangeconsulting.com.au

Dear Ms Wates

Family Zone Cyber Safety Limited ('FZO'): General – Aware Query

ASX refers to the following:

- A. FZO's announcement entitled "500% YOY Growth in Contract Sales" released on the ASX Market Announcements Platform at 08:40 AM AEST on 6 July 2020 (the 'Announcement'), which outlines FZO's business development achievements for the quarter ended 30 June 2020. The Announcement notes various highlights for the quarter, including the following :
- (i) signed contracts with an annual value of \$2.03 million (500% growth YoY); and
 - (ii) signed contracts with a total contract value of \$3.63 million (200% growth YoY).
- B. The change in price of FZO's securities from a low of \$0.195 on Friday, 26 June 2020, to a high of \$0.285 on Friday, 3 July 2020, prior to the release of the Announcement and the significant increase in the volume of FZO securities traded between 26 June 2020 and 3 July 2020.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks FZO to respond separately to each of the following questions and requests for information:

1. Does FZO consider the information in the Announcement, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no" with respect to all information in the Announcement or any part thereof, please advise the basis for that view (addressing each part separately, where relevant).
3. When did FZO first become aware of the information in the Announcement? In your answer, please address each aspect of the Announcement separately, including all information under the following subheadings in the Announcement: a) Highlights for the quarter; b) Record growth in Education sales; c) Substantial growth in contracted revenue; and d) Consumer growth continues.
4. If FZO first became aware of the information in the Announcement, or any part thereof, before 6 July 2020, did FZO make any announcement prior to the 6 July 2020 which disclosed the information? If so, please provide details (addressing each part separately, where relevant). If not, please explain why the relevant information was not released to the market at an earlier time, commenting specifically on when you believe FZO was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps FZO took to ensure that the information was released promptly and without delay.
5. Please confirm that FZO is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that FZO's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FZO with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 3:00 PM AWST Friday, 10 July 2020. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, FZO's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require FZO to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in FZO's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in FZO's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to FZO's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that FZO's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)