



ASX Announcement

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FAMILY ZONE TECHNOLOGY TO BE PRE-LOADED IN ALCATEL MOBILE DEVICES

- Alcatel is a major global provider of mobile devices and has been the 3rd most sold mobile phone brand in Australia by volume for the last two years;
- Agreement reached to pre-load Family Zone's technology onto Alcatel devices commencing from new range in mid-2018;
- Arrangements agreed to promote the offering to and through Telcos;
- Arrangements provide the ideal user experience: No download required, Family Zone settings built into device settings and circumvention eliminated; and
- The partners plan to launch in Australia and New Zealand in mid 2018 with a global rollout to follow.

Family Zone Cyber Safety Limited (ASX: FZO) ("Family Zone" or the "Company") is pleased to announce that it has signed an Application Reseller Agreement with TCL Mobile International Ltd ("TCL Corporation"), the owner of the Alcatel brand. Pursuant to this agreement TCL Corporation will embed Family Zone's filtering technology onto Alcatel smart devices sold in Australia and New Zealand, commencing from their new range set to launch in mid-2018. The parties have agreed that following a successful roll out in Australia and New Zealand they will look to roll out the installation of this technology globally.

Alcatel and Family Zone partnership

Headquartered in China, TCL Corporation is in the top 10 global manufacturers of smartphones, selling tens of millions of devices targeted towards prepaid youth and value conscious markets. In Australia they are number 3 in the market by volume, which they have sustained for the last two years by delivering high quality and affordable, feature-rich mobile devices into the market. Such devices have made Alcatel the perfect choice for many Australian parents looking to provide a child with their first mobile phone, and is one reason why this partnership is exciting for both companies.





Family Zone has developed a unique and innovative cloud-based ecosystem that enables parents to set internet and device access policies which may be enforced across any device and network.

Family Zone is growing rapidly and winning partnerships with major providers of connectivity including schools and globally significant telecommunication companies ("Telcos").

Alcatel is a major global device manufacturer and is continually seeking new opportunities to drive value for their customers, partners and shareholders.

This agreement enables Alcatel to offer world leading parental control features to their customers and offers Family Zone an additional distribution network and the ability to deliver exceptional customer experience.

The combination of Alcatel's high performance devices, attractive prices and Family Zone's simple to use, universal and feature-rich cyber safety solution, offers Telco's and their customers a never before seen value proposition.

Background

Family Zone was founded on the premise that cyber safety requires user-friendly technology that works wherever children access the internet.

Our ecosystem approach facilitates collaboration among schools, parents, cyber experts, Telco's, device manufacturers and other stakeholders.

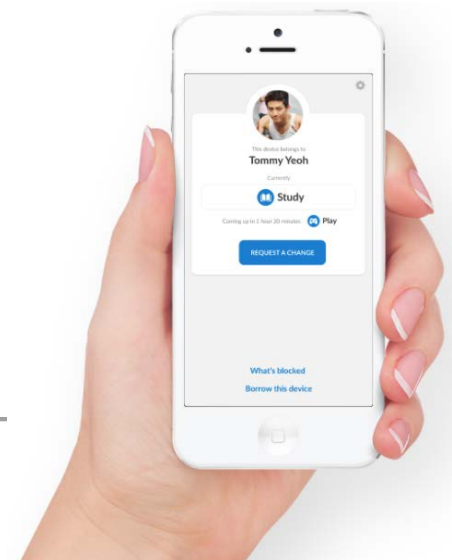
Family Zone consists of a range of cloud services and embedded or installed software that interoperate to enable the ecosystem approach to cyber safety.



How the solution will work

Family Zone's on-device technology is called Mobile Zone. Mobile Zone runs on many platforms including Android smart devices, iOS, macOS, Windows and Chromebooks.

Alcatel devices run a version of Google's Android platform. The Family Zone technology has already been successfully tested on a number of Alcatel's android smartphones and





tablets.

Pursuant to the agreement Alcatel will preload Mobile Zone on target devices at the factory, providing parents with the option to sign up and install Mobile Zone (without any requirement to download) when setting up their child's device. Plans include not only installing Mobile Zone, but also:

- Promoting Family Zone in the device setup wizard;
- Embedding Family Zone in device settings; and
- Installing restrictions to protect against tampering.

Alcatel's devices are distributed directly to customer through retail outlets and also through partnerships with all Australian telcos.

Alcatel and Family Zone will be jointly promoting the devices to these Telcos, offering them not only a feature rich product, but the opportunity to re-sell Family Zone services. This is seen by both partners as a significant value adding opportunity for Telcos.

Once parents have signed up for Mobile Zone on their Alcatel device they obtain all of the benefits of the Family Zone ecosystem, including the ability to protect more devices, protect the home and work with their school on cyber safety programs.

Whilst having the Mobile Zone technology preloaded on Alcatel's smartphones provides an additional distribution channel and makes it easier for parents to 'adopt' this technology, the Company is unable to accurately predict the number of customers which will sign up for this service through their Alcatel devices and is therefore currently unable to estimate the revenues that may be generated, nor the financial impact of this agreement.

A holistic approach - create benefits for all

Embedding parental controls on a device that is intrinsically linked to a cloud-based and universal cyber safety offering is 'the solution' demanded by the parents.

The benefits of this arrangement for all parties are exciting and manifold as outlined below.

For Alcatel

Dominant devices in Alcatel's target market segment do not have world-leading built-in parental controls. The partnership with Family Zone therefore supports Alcatel's brand and product positioning and need for product differentiation in the competitive mobile devices market.

This agreement offers Alcatel a first mover opportunity to target child mobile devices - through solving parental concerns around access.



Importantly, it also offers new opportunities for Alcatel to sell devices and value adding services into its Telco partners. It is apparent to both Family Zone and Alcatel that Telcos in Australia and globally are interested and investigating parental controls.

For Family Zone

This is Family Zone's first agreement with a manufacturer of end-user devices. It is an important symbol and a significant endorsement of Family Zone's eco-system strategy.

At a practical level, this agreement offers Family Zone access to a large distribution channel. In Australia, Alcatel are a significant player and have deep relationships with Australian Telcos.

This partnership adds further weight to our Telco proposition.

For Parents

Research into parental attitudes continually finds high levels of anxiety and concern around their children's use of technology. However adoption of parental controls is low.

The "adoption challenge" is in large part due to the complexity of taking action for parents. This alliance with Alcatel is directly aimed at customer experience.

Through this alliance, and use of Family Zone enabled Alcatel devices, parents will get stunning devices, affordability and the ability to effortlessly take effective control of their kid's devices

For Telcos

Driven by regulatory pressure or a drive for top and bottom-line outcomes Telcos globally offer a mixed response to the cyber safety needs of the community.

Telcos have a range of challenges when stepping into parental controls. There are complex public relations, brand and regulatory issues and of course often significant network investment.

The alliance between Alcatel and Family Zone changes the game completely. Telcos can now rely on Family Zone technology embedded in the device. Investment disappears and benefits appear.

Through the alliance of Alcatel and Family Zone, Telcos will be able to:

- Reinforce their commitment to 'family values';
- Respond to regulatory pressure;
- Retail products directly at the massive and growing segment of children's mobility;
- Add top-line revenue through value added revenue streams; and
- Add to the bottom line through improved customer experience and retention.



Family Zone Managing Director, Tim Levy, said:

"In the past 18 months we've achieved a lot of success and a lot of 'firsts', our alliance with Alcatel is however one of our proudest. Family Zone's vision is for our technology to be embedded on every device and network that our kids use. We are in schools across the world and have agreements with Telcos and access point manufacturers globally. Our agreement with Alcatel however completes the picture with a manufacturer of mobile devices joining the ecosystem. We are proud that we can now demonstrate the fullness of our vision."

Agreement Details

Parties to the agreement	The Company and TCL Mobile International Ltd a Chinese based corporation which trades under a number brands including Alcatel.
Agreement particulars	Application Distribution Agreement. Binding agreement with a 3 year term and 90-day termination rights for each party.
Materiality and projections	We are unable to forecast the potential revenue from this agreement or its financial materiality. The Company however considers this a strategically important agreement given the Company's commercialisation strategy. Whilst the Company expects Family Zone enabled Alcatel devices to be in-market in 2018, re-seller arrangements have not yet been agreed with any Telcos.

About Family Zone

Family Zone is an ASX listed technology company focused on cyber safety. Meeting a growing demand to keep kids safe online and manage digital lifestyles, Family Zone has developed a unique and innovative cloud-based solution which combines Australian innovation with leading global technology.

To learn more about the Family Zone platform and the Company please visit www.familyzone.com.



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