



ASX Announcement

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FAMILY ZONE SIGNS LANDMARK COLLABORATION WITH NETSWEEPER

Family Zone Cyber Safety Ltd (ASX: FZO, **Family Zone** or **the Company**) is pleased to advise that it has signed a collaboration agreement with leading Internet content filtering and categorisation provider Netsweeper, Inc (**Collaboration Agreement**).

HIGHLIGHTS

- Family Zone and Netsweeper have agreed to a comprehensive collaboration arrangement.
- Netsweeper is a leading global provider of enterprise internet content filtering services with in excess of 500 million registered devices on its platforms.
- Family Zone's consumer products presently use Netsweeper for back-end web address categorisation. Under the Collaboration Agreement Netsweeper will be rolled out across all Family Zone offerings, including schools and telco carriers around the world.
- Netsweeper currently has telcos in 60 countries deploying its services in their network. The Collaboration Agreement includes arrangements to interface Netsweeper's telco deployments into the Family Zone policy ecosystem - opening up the potential of many telcos and millions of users to seamlessly enter Family Zone.
- The Collaboration Agreement seeks to align the party's interests through a prepayment of \$1m of future Netsweeper services via the issue of 2,087,436 shares in the Company.

BACKGROUND

Netsweeper is one of the world's leading providers of enterprise filtering services. Netsweeper categorises 10's of billions of web addresses, has some 500 million registered devices in its platforms and supports web categorisation in almost all languages.



Netsweeper typically offers its services to governments, telcos and schools to enable them to manage internet activity within their networks.

At the core of any filtering service is "categorisation" which is the process of identifying the types of material or risks associated with a particular web address. For example, facebook.com would be categorised as Social Media.



There are a number of global categorisation providers in the world today with Netsweeper being at the forefront due to its proprietary software.

Family Zone has utilized Netsweeper's world-leading categorisation services in the back-end of its consumer offerings since inception.

With Family Zone's expansion from consumer services into telco and education segments the parties identified opportunities to streamline Family Zone's back-end services and to create new market opportunities.

Commercial arrangements

Family Zone is entirely focussed on solving the cyber challenges of parents and parent communities. All of Family Zone's services whether they be sold direct, through telcos or enabled through schools are directed at supporting the needs of parents and from a commercial perspective, generating subscription revenue.

Prior to this Collaboration Agreement, Family Zone and Netsweeper worked under a standard services agreement, directed at Family Zone's consumer offerings.

Through the collaboration the parties have agreed new wholesale terms, across all of Family Zone's offerings which are designed to suit Family Zone's 'global platform' approach to Cyber Safety and to support rapid expansion of Family Zone's consumer services, particularly in the USA.

As part of these arrangements Family Zone has agreed to issue Netsweeper 2,087,436 new shares in the Company as a prepayment for \$1 million of future Netsweeper services. This arrangement is directed at ensuring alignment of the strategic interests of the parties. The issued shares are subject to a voluntary escrow, being progressively released as Family Zone's use of Netsweeper services consumes the prepayment.

The Telecommunications Opportunity

Netsweeper is one of the leading providers of in-line filtering services to telcos globally, being deployed in over 60 countries.

Typically, Netsweeper's services are used by the telcos to offer their customers optional filtering services. For example, a large Australian carrier supports a filtered mobile data service for children with Netsweeper in the back-end.

Historically, adoption rates of telco filtering services have been low. This is in large part because network filters operate in the network only. For example, users can bypass network filters by simply connecting to a different network eg. a public WiFi hotspot.

This collaboration agreement seeks to resolve this weakness and create new commercial opportunities.

Under the agreement, Netsweeper will interface its in-line telco deployments into the Family Zone ecosystem. This offers parents the ability to apply the same setting at home (on a Family Zone router), on a device (via a Family Zone App), at school (via Family Zone's Education solutions) and in the mobile network (via Netsweeper).



This collaboration is a world first, enabling embedded telco filtering services to integrate with a parental control offering that works at home and at school.

This agreement opens up enormous opportunities for Family Zone to expand its telco client base and parent penetration.

Importantly, the collaboration enables Netsweeper's telco clients to provide the most comprehensive cyber safety offering possible, to provide unparalleled customer experiences and better bottom line outcomes.

Family Zone's Unique Strategy

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

Where others have failed, offering fragmented solutions, Family Zone solves the modern-day, multifaceted challenges of cyber safety by offering our partners and their customers an easy-to-use ecosystem approach, combining universal technology and ongoing education. This unique approach facilitates collaboration amongst parents, cyber experts, telco service providers, device manufacturers and schools.

Telco service providers and handset manufacturers have begun to embrace Family Zone's ecosystem approach, with Family Zone having recently signed reseller arrangements with industry leaders including Telkomsel (Indonesia), Smart Communications (Philippines), Maxis (Malaysia) and Alcatel, one of the world's leading handset manufacturers.

The agreed collaboration with Netsweeper opens the Family Zone ecosystem to an even wider range of opportunities across telcos globally.

Family Zone Managing Director Tim Levy said *"Our relationship with Netsweeper has been important from the time we started. We are very excited to be able to now take this relationship to the next level. Through our new collaboration we and Netsweeper will get to support the holistic solutions parents are demanding."*

Perry Roach, Managing Director of Netsweeper Inc said *"Netsweeper has 19 years of proven large network deployments and combining the Family Zone strategy and solutions with Netsweeper's Technology will help advance Netsweeper's Goal of a Safer Society on the Internet "*



Collaboration Agreement Details

Parties	Family Zone and Netsweeper Inc
Key Terms	Collaboration Agreement, superseding a Master Services Agreement. Term of 2 years with automatic two year extensions, unless terminated by either party. Family Zone is obliged to enable Netsweeper categorisation services into its education platform by 31 July 2018. The parties agree to work together to develop an interface between Netsweeper's in-line telco services with Family Zone's ecosystem. Actual deployment of a production interface is subject to reaching agreement with Netsweeper's telco clients. Agreement sets out wholesale charges for Netsweeper categorisation services to Family Zone during the term of the Collaboration Agreement. Agreement provides for the prepayment of \$1 million of categorisation services by Family Zone to Netsweeper through the issue of 2,087,436 new shares in the Company. The issued shares are subject to a voluntary escrow, being progressively released as Family Zone's use of Netsweeper services consumes the prepayment. Each month Netsweeper will issue Family Zone with an invoice for applicable charges and the associated shares that shall be released from escrow. Under the agreement the prepayment is required to be fully consumed within the 2 year initial term.
Materiality Projections	and We are unable to forecast the potential revenue from this agreement or its financial materiality. The Company however considers this to be a strategically important agreement given the Company's commercialisation strategy.

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.

About Netsweeper

Founded in 1999, Netsweeper is a Canadian based, global provider of enterprise filtering services. Netsweeper service segments are Government, Telecommunications, Education and Healthcare.

Netsweeper is one of the world's leading providers. Netsweeper is deployed in telco networks in 60 countries, has in excess of 500 million registered devices and over 10 billion web addresses.



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