

TICKER

FZO

PRICE

\$0.51

TARGET

\$1.36

Family Zone: Significant increase in sales drives productive quarter

Family Zone Cyber Safety (ASX:FZO) has issued a number of announcements relating to the ongoing expansion of their cyber safety platform, as well this quarter's sales performance. Highlights include the following.

- March quarter sales (unaudited) – \$1.72 million (December quarter – \$0.6 million).
- Commercial agreements entered into with 180C Limited, a Hong Kong based edu-tech company that offers the innovative 'eSchoolPad' device management and classroom tool (deployed in over 500 schools, it supports both Chinese and English).
- These software licensing/collaboration agreements will see Family Zone services interface with eSchoolPad to form an integrated solution for eSchoolPad users in Asia, as well as new and existing Family Zone customers.
- Alcatel, Australia's third most-popular mobile phone brand, will pre-load Family Zone technology onto its devices.
- Alcatel will launch in Australia and New Zealand in late 2018, with a global rollout thereafter.



Alcatel



All Reports



eSchoolPad

Analyst comment: there has been no slowdown in news flow for Family Zone in the past month, with the company continuing its push to become the leading parental control platform in both Australia and New Zealand.

Recent announcements, coupled with the company's telecommunications strategy, further highlight Family Zone's plans to become a major player beyond our shores, particularly in the Asian region.

Revenue: Family Zone announced a significant increase in customer billings for the March quarter (\$1.72 million – unaudited), a 190% rise compared to the previous quarter. While a

seasonal factor is probably at work (viz: commencement of the school year in Australia and New Zealand), we believe most of that growth relates to the number of additional subscriptions during the quarter (+40,000 compared to 30,000 in December 2017).

As Family Zone advances its school partnering program, and with the need for parental control continuing to make headlines (for all the wrong reasons), we expect this trend of increasing numbers of subscribers to persist for the foreseeable future.

Alactel transaction: in addition to the aforementioned market awareness techniques, we believe that the deal with Alactel – which will see Family Zone technology pre-loaded onto new mobile devices later in the year – could be a significant step-change up for Family Zone in the longer term, in that it will further enhance the company's subscriber base. For more information, click on the Alcatel transaction link above.

eSchoolPad: this agreement benefits Family Zone on two levels: aside from being deployed immediately in 500 schools in Hong Kong, as with the Linewise transaction last year (Linewise being New Zealand based) it also raises Family Zone's profile in Hong Kong, a country well known for its early adoption of technology and strong emphasis on education and learning.

Further, introduction of the eSchoolPad technology to Family Zone's existing markets will bolster the company's current school technology offering, in that it will allow teachers to both monitor and control what students do within classrooms. For more information on this agreement, click on the link above.

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Valuation: we maintain our valuation of Family Zone at **\$1.36 /share (current share price \$0.51/share)**. For full details of our valuation analysis, click on the link below.

To view the full investment analysis

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