ASX Announcement

MGM Wireless Limited (ASX:MWR)

22 November 2017

MGM Wireless Investor Update

Spacetalk Kids GPS Smartwatch Sales off to a Strong Start

WA Contract Rollout Gathering Momentum

Highlights

Spacetalk

- Spacetalk rollout marked by strong media (traditional and social) exposure (refer attached list)
- Solid unit sales levels being achieved in the first 4 weeks, which grew steadily each week
- Week 5 marked by over 50% increase, with trend continuing into week 6
- Very positive Customer and Market feedback
- No technical, supply chain, fulfillment or other issues
- Gartner Research shows market size for children's GPS watch phones to be significantly higher than company expectations
- Talks with bricks and mortar retailers underway
- School interest in selling Spacetalk through uniform and tuck shops

School Business

- WA Statewide Education Department Contracts gathers momentum
- Installation of additional 400+ WA new schools underway
- MGM Annual General Meeting on November 30, 2017 in Sydney

22 November, 2017 - Technology company **MGM Wireless Limited (ASX:MWR)** ('MGM' or 'the Company') is delighted to report a successful first month of marketing for its revolutionary new Spacetalk smartwatch for kids.

Conceived, designed and developed in Australia, Spacetalk is expanding a little known or appreciated segment in the growing smartwatch market, the clever and multi-functional family location device that children between the ages of 4 to 12 are happy to wear as a wrist watch.

The Company is pleased to inform shareholders and investors that the first 6 weeks following launch of Spacetalk have been very successful, with strong media interest and exposure, and encouraging unit sales.

The first 4 weeks saw solid sales, with units growing steadily each week. Weeks 5 and 6 saw an increase of over 50% in weekly sales units.

Customer feedback is very positive and enthusiastic. Not only are Customers happy with the performance of the Spacetalk smartwatch but also the high quality of call reception, tough build quality for children and GPS accuracy.

Spacetalk [Appendix 1 and 2], is an innovative new wearable GPS Smartwatch and Mobile Phone and the first hardware device designed and built by the Company. It builds on MGM's strong track record of delivering software services and represents an exciting new market opportunity for the Company.

Spacetalk is the first Australian all-in-one 3G GPS tracker, mobile phone and watch device and the first hardware product of a suite of Internet of Things (IoT) devices MGM plans to release. The watch allows parents to stay in constant communication with children and doesn't need to be connected to a phone. Spacetalk has been specifically developed to be used with the AllMyTribe family locator, child safety app and server platform, all part of the MGM Wireless product offering.

With the first 30 days of sales delivered, the Company is very pleased to report no significant technical, product, supply chain, fulfillment or other issues. Feedback from customers is enthusiastic.

Gartner

Gartner and other market research recently available to the Company indicates the market opportunity for GPS / Mobile phone smartwatches to be significant.

Gartner predicts that by 2021, 30% of all smartwatch sales will be to young children, as compared to Gartner's forecast for the Apple watch to be 25%. [i]

This research, together with the enthusiastic customer feedback, excellent product performance and initial sales re-affirms the Company's confidence in this new market.

Product Upgrades

The Company this week deployed its first 'over the air' software upgrade to both the watch and app. This is one of the key features of Spacetalk and the AllMyTribe app. The upgrade went out without a hitch. The new features deployed include a new alarm functionality, the ability to set the watch into 'Class Mode' which causes the watch to vibrate instead of ringing (useful for when kids are in class), improved and extended battery performance and many other minor upgrades. The alarm clock features enable parents and caregivers to set alarms with an explanation on Spacetalk for reminders like taking medication, carrying out chores or where to meet/pickup locations.

The Company is currently working on many more new features and enhancements to make the watch more fun and engaging for children to use, and more useful for parents and family life.

Bricks and Mortar Retailers

The Company is in active talks with many large bricks and mortar retailers, who are all expressing strong interest in Spacetalk, which is the only child's wearable device and GPS phone that has been specifically built, certified and approved for Australian Network Conditions.

Spacetalk has been specifically designed to operate on Australia's unique 2 mobile frequency bands and specially tuned for Telstra's NextG 3G mobile network. This means the watch has excellent Australia wide phone and data connectivity – which is a feature watches made for other countries cannot achieve. This has resulted in Spacetalk achieving high quality reception and excellent GPS tracking accuracy Australia wide. Spacetalk's overall performance quality is comparable or better than existing mobile phones.

All data is hosted in Australia in highly secure data centres and protected by Australian Privacy and Data Security legislation; so security is assured.

RCM Compliance

Spacetalk has also been certified to meet all mandatory Australian regulatory compliance standards and carries the RCM compliance mark. RCM is a mandatory requirement that electronic and communications products must meet in order to be legally offered for sale in Australia. The watch has been extensively field tested in Australia under the most rugged conditions for child use.

MGM Wireless in schools

The Company is proud to advise that its WA Agreement is proceeding well and is on track. Announced in October 2017, this agreement is the largest in the Company's 16 year history. The WA Education Department is making it mandatory that all WA Government schools now adopt the Company's SMS and Schoolstar App products. This means an additional 400+ new schools will become customers and the existing 450+ WA schools will be upgraded to MGM's latest products and services. The additional 400+ schools will result in MGM school numbers growing from 1,150 to approximately 1,550.

Annual General Meeting | Shareholder Invitation

MGM is pleased to invite all shareholders to attend the Company's Annual General Meeting (AGM) on November 30 at 11:00AM. The event will be held at the Radisson Blu Plaza Hotel Sydney, 27 O'Çonnell Street, Sydney NSW 2000.

Co-Founder, Chairman & CEO Commentary

MGM Wireless Co-Founder, Chairman & CEO Mark Fortunatow: "We are extremely pleased with our results after the first 6 weeks of Spacetalk launch. The feedback from customers is very enthusiastic – they just love Spacetalk. Customers love using Spacetalk for its very high reception, call and GPS quality, its build quality and the way it looks.

"Spacetalk is definitely giving parents the confidence to give their kids more freedom whilst knowing they're safe and always connected. We're letting kids be kids again!

"The first 6 weeks of sales have been solid, with weekly sales picking up over 50% in the past 2 weeks. We can't wait to get Spacetalk into retail shops where customers can see, feel and play with the watch before they purchase.

"We have succeeded in delivering a sophisticated product to the Australian market. We now look forward to building out our sales and distribution channels to grab a healthy share of the 30,000-180,000 annual unit sales volumes that Gartner is predicting."

Appendix 1 - **Example of Spacetalk - MGM Wireless' innovative new wearable device for children**



Appendix 2 – Secured Spacetalk Media Coverage

Media outlet	Date	Audience	Story
National Nine News	9th October	1,200,000	Product Launch Story
Nine Afternoon News Brisbane	9th October	88,500	Product Launch Story
Nine News Now Sydney	9th October	280,000	Product Launch Story
Nine Afternoon News Melbourne	9th October	130,000	Product Launch Story
Nine Afternoon News Sydney	9th October	140,000	Product Launch Story
Nine News Albury	9th October	25,000	Product Launch Story
Nine Afternoon News Perth	9th October	15,000	Product Launch Story
Nine Afternoon News Adelaide	9th October	80,000	Product Launch Story
Nine News Rockhampton	9th October	20,000	Product Launch Story
Nine News Ballarat	9th October	30,000	Product Launch Story
Herald Sun	21st October	1,009,000	Product Placement – Love It Column
Herald Sun Online	10th November	Unique Audience: 2,172,000	Susie O'Brien Feature Story
Tasmanian Mercury Online	10th November	Unique Audience: 173,399	Susie O'Brien Feature Story

Cairns Post Online	10th November	Unique Audience: 120,000	Susie O'Brien Feature Story
Daily Telegraph Online	10th November	Unique Audience: 1,722,000	Susie O'Brien Feature Story
Adelaide Now Online	10th November	Unique Audience: 1,107,000	Susie O'Brien Feature Story
Geelong Advertiser Online	10th November	Unique Audience: 186,000	Susie O'Brien Feature Story
Gold Coast Bulletin Online	10th November	Unique Audience: 260,000	Susie O'Brien Feature Story
Herald Sun	11th November	1,009,000	Susie O'Brien Feature Story
Daily Telegraph	11th November	1,722,000	Susie O'Brien Feature Story
Mercury	11th November	94,000	Susie O'Brien Feature Story
Townsville Bulletin	11th November	83,000	Susie O'Brien Feature Story

Ends

For more information please contact:

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About MGM Wireless

MGM Wireless Limited (ASX:MWR) is a technology company designing, developing and commercialising Internet of Things (IoT) devices for children, and software for school communication and student absence management. The Company's AllMyTribe division has developed a wearable device called Spacetalk which allows two-way 3G

communication, GPS tracking and alerts parents whenever children leave designated safe spaces such as school or the home.

MGM Wireless built its track record with school communication solutions after creating the world's first SMS based Automated Student Absence Notification Solution. It is recognised as a global leader and pioneer in socially responsible and technology-enabled school communications. Used by over 1,100 schools and 1.6 million parents, the Company's multichannel school communication solutions empower schools to effectively communicate to parents and caregivers through SMS, mobile in-app and other means to improve student attendance and safety, help schools reduce operating costs and increase parent engagement.

MGM Wireless products include student absence notifications 'messageyou', absence analytics software 'Watchlists', school news and messaging app 'School Star', a content management and messaging platform for mobile school communication called Outreach+, and student attendance management solution 'RollMarker'.

To learn more please visit: www.mgmwireless.com

[i] https://www.gartner.com/newsroom/id/3790965