MEDIA RELEASE
Investor Update

MGM Wireless Limited (ASX:MWR)

STRONG SALES OF KIDS' SMARTWATCH PHONE EXCEED EXPECTATIONS

Highlights

- Potential Australian market size updated to be much larger: 120,000 – 180,000 units pa ($ 30mill - $ 60mill pa)
- Negotiations with Australia's largest bricks and mortar retailers underway
- International Sales rollout commenced
- Spacetalk will be exhibited at Mobile World Congress (MWC18) in Barcelona in late February
- Products trials have commenced with a South East Asian Distributor

12 February 2018 – Technology company **MGM Wireless Limited (ASX:MWR)** ('MGM' or 'the Company') is pleased to advise that sales of its Spacetalk children's phone, GPS and Watch wearable device, have significantly exceeded expectations in the short time since its launch.

The revolutionary all-in one mobile phone, smartwatch and GPS tracker that keeps children safe is attracting strong Australian and international interest since its launch in October 2017.

The strong sales have prompted MGM Wireless to exhibit and promote the device at Mobile World Congress in Barcelona between February 26 and March 1, 2018.

The annual Mobile World Congress is the world's largest such conference and will be attended by more than 100,000 delegates representing mobile network operators, technology companies and consumer electronic distributors and retailers from across the globe.

MGM Wireless chief executive Mark Fortunatow says attending the Mobile World Congress is part of a company sales strategy to expand Spacetalk to international markets. The company's stand at the conference is 7M27.

Mr Fortunatow says: "Our company has been contacted by a South East Asian distributor to sell Spacetalk. Product trials have commenced."

Conceived, designed and developed in Australia, Spacetalk is currently only sold online via the website www.allmytribe.com (AllMyTribe is a division of MGM Wireless). Mr Fortunatow says negotiations with leading national bricks and mortar retailers to sell Spacetalk in stores started in December 2017.

"Interest from bricks and mortar retailers is strong and we expect to finalise negotiations in the next two to four months," Mr Fortunatow says. "We expect to appoint dedicated business development staff in the coming weeks to grow the bricks and mortar channel."

Based on existing sales, feedback and research, Mr Fortunatow says the market for Spacetalk is likely to be larger than previously expected and in the vicinity of between 120,000 and 180,000 units per annum in Australia alone, or $ 30mill - $ 60 million per annum.



“Our internal company stretch targets for Spacetalk leading into Christmas were exceeded by more than 150 per cent,” Mr Fortunatow says.

“Post Christmas and January online sales of Spacetalk were strong following successful back to school campaigns.

“We are building a significant and enthusiastic community of users that is approaching 3,000. Customer feedback and media reviews have been positive, as can be seen on Facebook. No significant technical, product or supply chain issues have emerged.

“We are really excited about Spacetalk’s future in Australia and overseas. Our existing sales, research and positive customer feedback paint a strong sales growth outlook for Spacetalk in the years ahead. Demand for Spacetalk is strong in Australian and international markets with plenty of room for growth.

“We firmly believe our product, targeting children aged between four and 12, leads the world, vindicating our thorough research, development and investment over almost four years that was fully funded by company cash reserves.”

Spacetalk is a mobile phone, GPS tracker and watch all in one wearable device. Children can make and receive calls from a set of contacts parents choose in the AllMyTribe smartphone app. If a child needs emergency help, a special SOS alert function can be customised to call parents and other guardians. When a child is wearing a Spacetalk watch, a child's location can be seen on a parent's smartphone.

New Feature Upgrade

Recently, the company released a second major upgrade to Spacetalk, with features including a stopwatch, torch and enhanced school mode. Watch upgrades are performed automatically over the air using either mobile network connectivity or Wi-Fi. No user intervention is required.

The enhanced school mode feature enables parents to specifically select which watch functions to disable during school hours, such as incoming and outgoing calls, messaging, step counter, location and stop watch. Disabling functions during school hours prevents classroom distractions.

Spacetalk operates on Australia's two mobile frequency bands and is specially tuned for Telstra's Next 3G mobile network. This means the watch has excellent Australia wide phone and data connectivity. Spacetalk delivers high quality reception and excellent GPS tracking accuracy across Australia.

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 communication 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.

Security and Privacy

Spacetalk has been designed with the highest levels of data security and privacy. Throughout the three year development process, the company used leading international cyber security experts to ensure compliance with strict European privacy and other international standards.

COMPANY FINANCIAL PERFORMANCE AND HALF YEAR RESULTS

Mr Fortunatow says MGM Wireless will release its half year results towards the end of February.

He says overall revenue results are likely to be similar to last year, with a strong contribution from Spacetalk sales replacing the strong one-off increase in revenue reported last year from the Queensland Education Department contract. Cash balances at the end of December remained solid at $1.4 million. Preliminary accounts indicate an approximately breakeven net profit for the half year, which is down from the previous corresponding period largely due to Spacetalk launch costs.

Mr Fortunatow says if the AllMyTribe and Spacetalk business continues on its present course, within 12 months revenue from Spacetalk and the company's AllMyTribe division will be on track to approach and even exceed current annual revenue levels generated by the school business.

Co-Founder, Chairman & CEO Commentary

MGM Wireless Co-Founder, Chairman & CEO Mark Fortunatow:

"Sales of Spacetalk are very strong and have significantly exceeded our most optimistic internal targets leading into Christmas," Mr Fortunatow says. " Since then, sales are also excellent. Discussions with Australia's leading retailers is underway – and their interest is very strong.

"In fact, these leading retailers tell us that in their view, the market size is much larger than we originally estimated – and our own sales results support this view.

"Estimates on the Australian market size for kids smartwatch phones is now at 120,000 – 180,000, or $ 30 million to $ 60 million per annum. We've begun our international sales rollout and already have interest from international Mobile Network Operators and Distributors.

"We're likely to see a total transformation of our company moving forward. We're currently only a $ 6 mill market cap company with $ 3 million in revenues. We've funded all the development and manufacture of Spacetalk from our operations, have no debt and still $1.4 million in cash."

Ends

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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 or www.AllMyTribe.com