ASX Market Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

ASX Release
MGM Wireless Limited (ASX:MWR)

18 April 2018

MGM WIRELESS TAKES SPACETALK TO NEXT LEVEL WITH $1.5M CAPITAL RAISE

Highlights

- **$1.5m capital raising to fund growth and meet strong retailer and customer demand for SPACETALK wearable technology.**
- **Institutional Placement of 750,000 fully paid ordinary shares at $1.00 per share to raise $750,000 (closed oversubscribed); PLUS**
- **Share purchase plan (SPP) on same terms - $1.00 per share to raise up to $750,000 from existing shareholders. The SPP will be partially underwritten, subject to shareholder approval, by directors and shortfall balance (if any) placed by Gleneagle.**
- **The capital raise is to fund orders placed with key manufacturers to support new bricks and mortar sales channels; fund new executive hires; and an expansion of marketing programs.**
- **Intention of the Company, subject to shareholder approval, to split shares so that more shares are on issue, to aid liquidity.**

18 April 2018 – Technology company MGM Wireless (ASX:MWR) (MGM, the Company) announced today that it will meet demand for its revolutionary SPACETALK kids' smartphone watch device through a capital raising of up to $1.5 million (before expenses) via a placement to Institutional Investors and existing shareholders via a Share Purchase Plan.

The move follows a successful launch, with excellent feedback from customers domestically, strong on-line sales, and evidence that the commercial opportunity for SPACETALK and the Company's accompanying AllMyTribe IoT Platform is proving to be significantly greater than anticipated.

MGM Wireless chief executive Mark Fortunatow says: "Based on our 17-year experience as the market leading provider of mobile messaging systems to schools, and with more than 1.7 million

parents as customers, we know that parents want to be able to reliably contact, talk to and know the location of their children.

“Four years ago, we conceived the concept of a reliable and safe all-in-one smartphone, watch and GPS device – so we undertook the daunting process of designing and building one.”

Mr Fortunatow said that throughout the gruelling 3-year design and development process, the Company had no reliable way to gauge the size of the market opportunity.

“Gartner[1] has forecast that 30% of all smartwatch sales would be to young children – but we initially considered that number to be too optimistic,” Mr Fortunatow said.

“We were always confident there would be a market if we built a high-quality device that works really well. At launch we thought the Australian market size could be 3,000 to 10,000 units p.a., but based on the feedback and sales levels achieved so far, we now believe Gartner’s numbers to be much more achievable at 120,000 to 180,000 units p.a. ($30mill - $60mill p.a.) in Australia alone, and of course a much larger number than that internationally.”

Based on the strong sales and positive feedback leading up to Christmas, the Company decided to exhibit SPACETALK in March this year at the Mobile World Congress in Barcelona – the largest and most significant exhibition for the mobile industry, attended by over 100,000 delegates from around the globe.

“Industry feedback and interest were overwhelmingly strong and enthusiastic,” Mr Fortunatow said. “SPACETALK is the first and only children’s Smartphone Watch and GPS Tracker available globally that works.”

SPACETALK has been independently verified by leading international cyber security experts who say it can’t be hacked, and has world’s best practice security and privacy features built in. It will also meet the upcoming strict European GDPR privacy regulations.

“It’s become obvious that SPACETALK is a new device that large consumer electronics retailers and mobile phone operators from around the world can really get behind and sell with confidence to build new revenue streams and markets,” Mr Fortunatow said.

“SPACETALK is opening up a whole new mobile product category.”

“No one is currently responsibly selling smartphones or SIM services to children in the 5 to 12 age range. Well now – they can. By selling SPACETALK, retailers are creating a new revenue stream that

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

doesn't displace any revenue from their existing product sales, and provides a great, age-appropriate device."

The Company is adding to its strong financial position, having funded the early stages and initial rollout of SPACETALK out of retained earnings and cash reserves. The entire 3-year development, manufacturing, sales, marketing and associated expenses have been met from internally generated cashflow by the Company's well-established school communication business. At December 31, 2017, the company had $1.4 mill in cash reserves, no debt, and the inventory of SPACETALK watches fully paid for.

"We are taking the Company to a whole new level from where we can 'slingshot' to a much faster rate of growth and higher level of success," CEO Mark Fortunatow says. "We have a very large, immediate opportunity right in front of us that we need to be prepared for."

"I fully understand that with MGM's market capitalisation at just $10 million, issuing new shares at $1 is dilutive, but I believe it's in all shareholders' interest to have a well-funded business plan that will enable us to build a much larger, more valuable company for all shareholders."

Placement Detail – Closed Oversubscribed

Under the Placement, the Company will issue a total of 750,000 new shares to sophisticated and professional investors using the placement capacity available under ASX Listing Rule 7.1 and accordingly shareholder approval is not required. The Company has received binding commitments for the Placement in conjunction with Gleneagle Securities (Aust) Pty Ltd (**Gleneagle**) acting as lead managers and broker, with settlement of the Placement expected on 23 April 2018.

The 750,000 new shares will be issued at a price of $1.00 per share which represents a 12.2% discount to the volume weighted average market price of MGM shares over the last five days on which sales in the shares were recorded prior to the Company's trading halt on 16 April 2018. The offer closed oversubscribed.

New shares issued under the Placement will rank equally with existing shares on issue.

Gleneagle will be entitled to a fee of 6% (consisting of a 2% transaction management fee and 4% capital raising fee of the gross proceeds of the capital raising).

Share Split

The Company is also announcing its intention to hold an EGM at which it will ask shareholders to vote on a share split to increase the number of shares on issue which the Company and its advisors believe will aid liquidity. The details of the share spilt will be contained in a notice of meeting which the Company will issue once the outcome of the SPP is known.

Partially Underwritten Share Purchase Plan

The Company will offer existing shareholders an opportunity to acquire additional shares on identical terms to the Placement, namely $1.00 per share under a partially underwritten Share Purchase Plan (**SPP**). Under the SPP, eligible shareholders will be invited to subscribe for up to $750,000 in additional shares.

Subject to shareholder approval:

- The SPP is to be partially underwritten by CEO Mark Fortunatow to an amount of up to $50,000.
- Other Directors of the Company Leila Henderson and Glen Butler will be underwriting a further amount of up to $30,000.

There is no underwriting fee or commission payable in respect of the underwriting. Gleneagle will place any remaining shortfall (if any, after underwriting).

The Company will update shareholders regarding the need for and timing of a general meeting to approve shares issued pursuant to the SPP underwriting, after the closing date of the SPP.

An indicative timetable is provided for the SPP below. The SPP is currently scheduled to open on 1 May 2018 however the timetable is subject to change. Full details of the SPP will be contained in documentation to be dispatched to shareholders on 1 May 2018.

Event	Date*
Share Purchase Plan record date	17 April 2018
Announcement of Share Purchase Plan	18 April 2018
Dispatch of SPP offer documentation/opening date	1 May 2018
Closing date of SPP	22 May 2018 (5.00 pm Adelaide time)
Issue date for new shares	29 May 2018
New shares commence trading on ASX	30 May 2018

*This timetable is an indicative only and subject to change.

Use of Funds

The funds secured by the capital raising will be used for additional manufacture, supply chain fulfilment and sales and marketing personnel for the company's SPACETALK all-in-one children's Smartphone, Watch and GPS Tracker.

MGM Wireless is very pleased to announce the signing of 2 Telstra Franchises to retail SPACETALK and the appointment of Ms Mandy Lee as National Sales Manager for SPACETALK.

Please refer to separate ASX announcement 'Telstra Shop Franchises to Sell Spacetalk Children's Smartphone Watch' for further details.

Ends

About SPACETALK



SPACETALK is an all-in-one children's Smartphone, Watch and GPS Tracker that allows parents and children to be in contact without exposing their children to the inherent dangers of social media apps, such as Facebook, Instagram, YouTube and Google, and unrestricted access to the Internet.

It is the first of its kind to be wholly developed in Australia and one of the first worldwide. The child can make or receive calls from a list of contacts parents choose in the AllMyTribe® smartphone app. If the child needs help, a special SOS alert function can be customised to call parents and other guardians. Parents can see their child's location on their smartphone and the

AllMyTribe App features alerts so whenever a child leaves designated safe spaces such as school or home, parents are notified. A step counter tracks the wearer's physical activity.

SPACETALK has been independently verified by leading international cyber security experts that it can't be hacked, and has world's best practice security and privacy features built in. It will also meet the upcoming European GDPR regulations. All data is hosted in Australia in highly secure data centres and protected by Australian Privacy and Data Security legislation, so security is assured.

SPACETALK Media Coverage

The Company continues to receive very extensive and favourable media coverage, with Channel 9 News, Channel 7 News, Channel 9 Morning Show, Radio 2UE, Radio 3AW and other traditional media coverage since launch.

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 and GPS tracking, alerting 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

For further information contact:

MGM Wireless Limited
Mark Fortunatow
CEO
M +61 421 328 984
E: mfortunatow@mgmwireless.com