



ASX Announcement

MGM Wireless Limited (ASX:MWR)

30 November 2017

MGM Wireless Ltd AGM 2017

Chairman's Address

Highlights

- Previously reported strong Spacetalk Kids GPS Smartwatch sales growth accelerates further
- 50% previously reported growth rates in week 5 & 6 accelerated further to 120% in week 7
- Previously released sales estimates upgraded
- First year unit sales now look like being closer to 10,000 units
- Likely positive outcome for full year results

Address

Welcome and thank you for attending today's AGM.

This is the first AGM since the launch of the Spacetalk and AllMyTribe family communication ecosystem – it's a transformative stage in the company's development.

We've been working on this ecosystem for over 3 years now to make the Spacetalk Kids GPS smartwatch and the AllMyTribe Family Locator Ecosystem a commercial reality. We learned a lot from our experience with our first kids smartwatch 18 months ago, and our new watch – Spacetalk - is a leap ahead in terms of quality, functionality and user acceptance.

Today, seven weeks after launch, we are pleased to report that we continue to have no major technical or other issues.

As reported after the Channel 9 TV News release on October 9 – we had a solid week 1 of sales – which then crept up gradually for the next 4 weeks.

The 5th and 6th weeks saw a 50 percent weekly sales increase, and I'm pleased to say that week 7 sales grew again by a further 120 percent - on top of the 50 percent increase Our weekly sales graph is certainly starting to look like a hockey stick curve.

Most importantly, customer feedback is very positive - Parents and Kids just love Spacetalk, our Facebook page following has grown exponentially with good engagement and proof that the AllMyTribe ecosystem is performing very well, customers are happy and are telling their friends.

Whilst the concept of a Children's GPS Smartwatch Phone is not totally new – it has never been done properly before by anyone.

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When we first identified children's wearables as a possible growth sector for the company almost 4 years ago now – we saw primitive, poorly made and badly performing 2G watches coming out of China.

Worse – the software sitting behind these watches was terrible.

Children's and family data such as family members' names, phone numbers, locations and more were stored on servers in China with little or no security. By the way – this remains the case with the many low cost watches being imported from China, which continue to be easily hacked. Based on our extensive experience working with schools and education departments across Australia, NZ and USA -- looking after the safety and data security of students for over a decade - we saw an opportunity to develop not only a watch – but an app/server ecosystem.

Over the past 3.5 years, we painstakingly designed and then built from the ground up a very solid, secure and scalable platform that would not just support a watch – but other wearable, locator and IoT devices that could be all connected into one, family lifestyle and safety ecosystem.

Our strategy was vindicated over the past week, when an internationally recognised Cyber Security Expert from Adelaide University released his security report on Spacetalk and AllMyTribe. The report stated that our system meets all Australian Privacy and Security Legislation requirements, and with minor changes will meet the stringent European – and German -- cyber security and privacy standards.

To the best of our knowledge – this puts Spacetalk in a class of its own globally as the only watch to meet these high standards. All other children's smart watches fail miserably in this regard, and this report comes on the back of damning evidence from German and Norwegian authorities that is highly critical of other manufacturers of kids GPS watches.

The investment your company made to design and build the Spacetalk and the AllMyTribe ecosystem from the ground up has put the company in an excellent competitive and revenue growth position globally. It opens the way for our company to be the market leader not only in Australia – but potentially a serious and major player internationally – especially Europe – a market we are considering expanding into next year.

Feedback from all bricks-and-mortar retailers we are engaged with is very strong. It is now accepted that the Children's GPS Smartwatch market is real and the likely size considerable

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%.¹ This forecast extrapolated out into the Australian market alone would suggest an annual market size of 30,000- 180,000 units. We will be announcing revenue and distribution developments in this area as we finalise them.

When we announced the release of Spacetalk, we put forward to shareholders business modelling scenarios of what the company financials could look like with sales of 3,000, 5,000 and 10,000 unit sales in the first year.

Scenarios over 3,000 would have a significant positive impact on the company's valuation.

¹ <https://www.gartner.com/newsroom/id/3790965>



Now, based on data and our better understanding of the market opportunity, and with quite a number of watches sold and in the market with customers – we now expect to exceed these sales scenarios on the initial modelling.

We expect first year sales numbers to exceed this 3, 5 and 10K modelling.

At this stage, we are expecting the number of unit watch sales to be closer to 10,000 in the first year - which will clearly have a very favourable effect on your company's financial performance and enable the market to re-value our company.

The company's move into family wearables and the development of our AllMyTribe Family Locator Ecosystem will transform our company.

And the process has already begun.

Our new wearables business unit provides the company with a scalable business model that will deliver meaningful revenue growth – something that has been difficult to achieve with the company's school communication business.

We very much look forward to keeping shareholders updated on sales and business progress.

To support our growth, earlier this year we strengthened our management team with the appointment of 2 new senior and highly experienced members. Paul Cooper – who is with us today was appointed as General Manager of our Wearables Division. Prior to joining MGM, Paul ran Nokia's worldwide supply chain and after sales service for mobile phones and telco infrastructure for over 10 years, and when Microsoft acquired Nokia, Paul ran the Supply Chain and Aftersales service in Asia Pacific for X Box, Tablets and mobile phones.

Paul brings tremendous skills in the area of mobile telephone, manufacturing and after sales service to MGM. This is one of the reasons why we today have such a high-quality children's watch – arguably the highest quality watch on the world market.

Our other key appointment was Leigh Smart as Group General Manager. Before joining MGM, Leigh held General Manager and Senior General Manager Sales and Marketing roles in several other ASX and NASDAQ listed companies such as Austereo, Ausdoc, Fairfax, Premier Global and others.

Leigh's role is to transform and take our school business to the next level. We have been moving into multi/omni channel parent communication and engagement solutions for some time now and looking at ways to incorporate artificial intelligence and machine learning technologies into our solutions to help schools more effectively engage parents and improve student absences.

In particular, we are very excited about the ability we now have to incorporate new developments in AI into our student absence systems To identify potential absence issues before they become ingrained. We see a future where MGM systems will ensure that no student ever again becomes disengaged to the point whereby they drop out of school again.

This transformation of our school business is underway – and has still some way to go. Until the transformation is complete – we expect the school business revenues to remain steady (as previously



indicated in our company presentations). Progress with our large WA Education Department Agreement is proceeding well – with the bulk of existing schools upgrading to our new Schoolstar app products early next year.

The additional rollout of 400 new schools in Western Australia to take up Schoolstar will then follow.

On a company-wide level, we are optimistic that the new revenue from our wearables business will drive overall revenue growth to achieve increased sales growth by June 30' 2018.

In summary, the transformation of our company into our new wearables and IoT business model is gaining momentum..... Early progress is excellent, and we expect the business to transform our ability to grow revenues and reach into new and emerging markets.

With today's revised upgraded estimate of Spacetalk sales, we are looking at a substantial positive effect on the company's valuation as these sales numbers are achieved.

In closing, I would like to thank the many staff and contractors at MGM who worked tirelessly for the past 3 years to make Spacetalk a reality today. It was a really hard job. I would like to remind shareholders, the entire 3+ year development process, including manufacture of the first 3000 units was funded totally from profits and operating cashflow – which is a remarkable achievement. Many investment analysts have trouble understanding how your company achieved this amazing feat.

I would also like to thank you, our shareholders and investors who patiently and painfully saw the value of your shares in MGM drop over the past year in particular as we completed this lengthy and difficult research and development period. Your Board, and I, could not perform any meaningful investor relations or investor roadshow activities during this period – a critical and essential factor in maintaining the capitalisation value of any micro-cap company. We're over this period now, and we really look forward to now being able to share with you our business development and sales progress.

So, thank you to our shareholders and investors. I'm really looking forward to now being able to keep you updated on a much more frequent basis, as we grow our company on the back of this exciting and promising new product and business.

Thank you....

Smart. Safe. Connected.
Let kids be kids again.



 ALL MY TRIBE

Australian. Secure.



Your at work.
Where's your child?



 ALL MY TRIBE

Australian. Secure.





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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