

Security Announcement

MGM Wireless Limited ASX:MWR

17 April 2019

Cyber Security Audit of SPACETALK kids' smartwatch phone

MGM Wireless Limited wishes to announce that a Cyber Security Audit of Children's Smart Watch Phones in the Australian market has found SPACETALK to be free from the security issues discovered in other devices.

The Company is responding to media reports¹ on 16 April 2019 regarding a smartwatch company that has come under fire for security vulnerabilities.

The Cyber Security Audit – conducted by Dr Matthew Sorell, an INTERPOL-recognised global cyber consultant and expert in Digital Forensics – provides compelling evidence that the SPACETALK all-in-one children's smartwatch, phone and GPS tracker is among the most secure and hacker-proof children's watches in the world.

Dr Sorell's audit agrees with research findings reported in the *Sydney Morning Herald* and other media outlets yesterday (16/4/2019).

Dr Sorell said that he had found potential security breaches in all the models reviewed except SPACETALK – and that the severity of these breaches fell into the category of “notifiable”² to federal authorities.

“We released our first report last year, in which we commended MGM's engineering team for world-leading best practice security, encryption and authentication,” Dr Sorell said.

“Research students under my supervision in three countries have continued with the audit to encompass software, hardware or societal changes that could impact on device security and child safety.”

MGM Wireless founder and Executive Chair Mark Fortunatow said that security had been embedded into every aspect of the SPACETALK device from the start, on the strong foundation of the company's years of experience developing mobile communication technology for independent schools and education departments around Australia.

“We commandeered the talents of the world's top device security experts because we already knew that the child's safety had to be at the heart of our products,” Mr Fortunatow said.

Dr Matthew Sorell is an academic member of the INTERPOL Digital Forensics Experts Group and digital investigations consultant to law enforcement agencies including SA Police and Victoria Police. He is also a Senior Lecturer at the University of Adelaide and Adjunct Professor

¹ <https://www.smh.com.au/technology/i-would-never-buy-one-fears-raised-over-security-of-gps-tracking-smartwatch-for-kids-20190415-p51efh.html>

² Entities have data breach notification obligations when a data breach is likely to result in serious harm to any individuals whose personal information is involved in the breach.

of Digital Forensics at the Tallinn University of Technology in Estonia, focused on criminal investigations related to wearable devices.

Dr Sorell said that watch manufacturers would be well aware of the security flaws.

“The Norwegian Consumer Council published a report identifying serious privacy and security flaws in four GPS-enabled watches for children³, as far back as 2017,” he said. “I am surprised some of these watches are still on the market.

“In the audits my team conducted, we took into account both the technology and the social context in which the devices are being used. For example, the SPACETALK watch incorporates a new feature to address shared childcare responsibility for separated parents. Both parents can have unique access to the same device without infringing the other’s privacy.”

Mr Fortunatow added that all technology providers have a duty of care.

“We have always taken the view that when you’re dealing with children or students, their safety, security and well-being are paramount,” he said.

About the Cyber Security Audit of Children’s Smartwatch Phones

Dr Matthew Sorell conducted a review of SPACETALK’s technical security mechanisms and compliance with policy and regulations in the Australian market, encompassing informed consent, legal requirements for retaining customer records, and measures required to secure private information.

The report benchmarked the SPACETALK Watch and some competitive products. It concluded that SPACETALK is unique among children’s smartwatches in the Australian market in that it meets all current international privacy and security legislation and policies.

The report covered:

- Opportunistic technical hacking
- Targeted technical hacking
- The rights of the child to privacy and self-determination and how this fits with parental rights and responsibilities
- Why do children go missing?
- Beyond the nuclear family: helicopter parenting in the age of the blended family
- Unsafe contact scenarios: stalking, domestic violence and parental conflict
- Reporting a missing person – interaction with law enforcement
- Responding to warrants and orders
- Data retention and reporting responsibilities

The report concludes:

- The SPACETALK and AllMyTribe ecosystem uses best practice security for authenticated and encrypted communications between subsystems, and best practice identity authentication.

³ <https://www.mnemonic.no/news/2017/watchout/>

- Technical security of the SPACETALK Watch and the AllMyTribe ecosystem is implemented well and is appropriate for purpose.
- The ecosystem has been further enhanced to meet with the most stringent European privacy requirements and GDPR.

“Overall, the technical security and privacy measures implemented in the SPACETALK ecosystem exceed contemporary levels of security appropriate today, as well as providing some breathing space for future development,” Dr Sorell said.

Dr Sorell points out that no IT system is entirely immune to a sufficiently determined attacker. A properly configured security framework is multi-layered, incorporating best practice defences; monitoring and notifications; proactive means for staying informed about emerging security threats; effective mechanisms for users to report bugs and issues; and a timely, open and public discussion about security and privacy product developments.

“It is evident that MGM Wireless designed with the highest levels of data security and privacy from the ground up,” he said. “In addition, they promptly address every issue that could occur now or in future in our ever-changing security threat landscape.”

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About MGM Wireless

MGM Wireless Limited is a technology company designing, developing and commercialising smartphone+watch wearables devices for children, and software for school communication and student absence management.

The Company’s AllMyTribe division has developed a children’s all-in-one smartphone, watch and GPS device called SPACETALK, which allows two-way 3G phone calls and SMS messaging to a parent-controlled list of contacts. Other features include GPS tracking to alert parents whenever children leave designated safe spaces, such as school or the home.

Importantly – a key safety feature of SPACETALK is that it doesn’t give children access to social media, apps, open internet, YouTube or other such services dangerous to young children.

MGM Wireless built its track record with school communication solutions after discovering in 2002 the application of SMS communication in schools. The Company went on to create the world’s first SMS based Automated Student Absence Notification Solution and many other

innovations since then. It is recognised as a global leader and pioneer in socially responsible and technology-enabled school communication.

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'.

Used by over 1400 schools and 1.7 million parents, the Company's school communication solutions empower schools to effectively communicate and engage 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. To learn more please visit:

www.mgmwireless.com