



ASX Announcement

MGM Wireless Limited (ASX:MWR)

9 January 2019

## TRADING & SALES UPDATE

### Highlights:

- **SPACETALK reports strong pre-Christmas sales peaking at 1,300 units a week**
- **Approx. 15,100 SPACETALK units sold since the Oct-17 launch to date;**
  - 10,989 units sold in 1H FY19
  - includes over 9,000 units sold leading into Christmas
  - over 10x the number sold in the same period last year
  - over 6x the number sold in the 9 months from launch to the end of FY18
- **Bricks and mortar retailers continue to re-order ahead of 'back-to-school'**
- **Post-Christmas sales continue in 'back to school' promotion**
- **Recurring App revenue exceeded \$30,000 per month in December with over 6,200 active subscribers**
- **Total Company 1H FY19 revenues exceeded \$4.00 million (un-audited), an increase of 154% the same period in FY18**
- **Cash balance circa \$2.5 million (unaudited) at December 31**
- **Negotiations underway with European telcos and retailers with first European launch expected this financial year**
- **MGM Supports NSW Government ban of mobile phones in primary schools**

**10<sup>th</sup> January 2019** – Technology company **MGM Wireless Limited (ASX:MWR)** ('MGM' or 'the Company') today is pleased to report unaudited sales and trading results for the Christmas holiday season and Half Year ending December 31<sup>st</sup>, 2018.

Sales for six months to 31-Dec-2018 totalled 10,989 units. This is more than 10x the number sold in the same period last financial year and 6x the number sold in the first 9 months of sales to June-2018.

**MGM WIRELESS LIMITED (ASX:MWR)**

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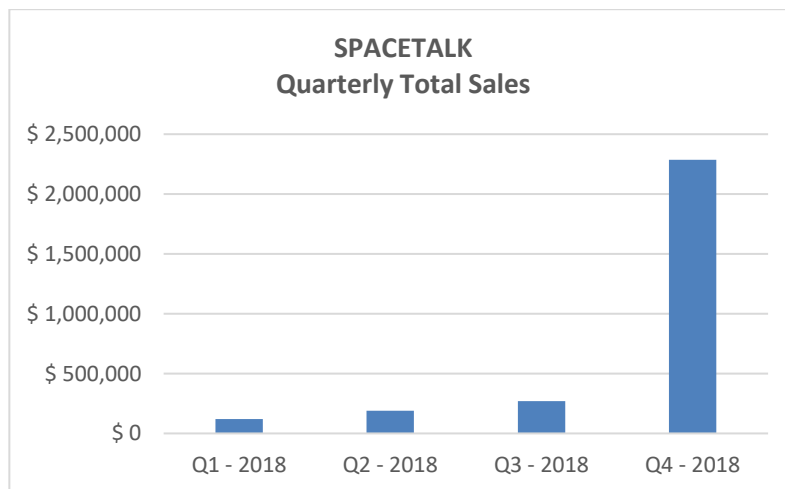
The Parks, Suite 13, 154 Fullarton Road, Rose Park, South Australia, 5067 Australia

[mgmwireless.com](http://mgmwireless.com)



Being the Company's first Christmas with nationwide retail networks in both Australia and New Zealand, determining demand and establishing stocking requirements at store level was a significant challenge for the Company and its distributors. On November 5, 2018, the Company announced that over 5,000 units had been shipped to bricks and mortar retailers as initial stock. Subsequently, the Company supplied about 4,000 units to replenish store stock levels. Even so, many stores sold out before Christmas but too late to raise their internal purchase orders that would have triggered further re-supply. The Company has already received orders for 2,300 units in January (included in 15,100 unit sales referred to above, but to be booked as FYH2 2019) as retailers re-stock ahead of the back-to-school sales period (see below).

Feedback from retailers continues to be extremely positive with SPACETALK being one of the most popular items across the wearables and mobile categories. The consumer demand reflects continuing and accelerating adoption of the product and the success of our marketing campaigns.



### Back-to-School Sales Promotion

To maintain the solid sales momentum seen in 2018, JB Hi Fi and SPARK New Zealand ('Spark') are implementing specific promotions for the back-to-school sales period.

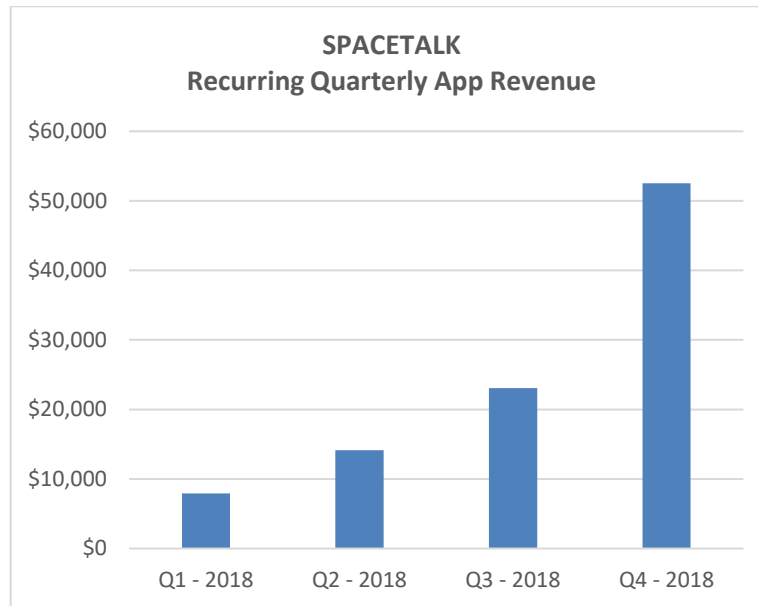
JB Hi Fi has included a \$299 SPACETALK promotion in its catalogues which is distributed in all major newspapers nationally. It is also displaying SPACETALK in prime in-store locations over the month of January.

Spark will, on February 4<sup>th</sup>, be introducing a '3 Month Free Offer', whereby parents can purchase the SPACETALK watch, mobile SIM plan and AllMyTribe App free for the first 3 months on a 24 month subscription plan.

The Company is supporting these promotional activities with cinema and extensive digital and social media advertising.



## Recurring App Revenues



With SPACETALK enjoying strong sales in its first full calendar year, app revenues are now reaching meaningful levels. App downloads continue to grow month on month, in line but lagging unit sales. There are now over 6,000 subscribers many of whom have more than one phone. App revenue exceeded \$30,000 in the month of December which is a run rate of over \$360,000 annually.

App revenue supports funding of the company's significant ongoing R&D program to improve and make SPACETALK more appealing to children and parents. In the past 12 months, the company has released over 11 significant new SPACETALK App and Watch features which contribute to SPACETALK's market leadership position and success.

## UK & European Expansion

The Company has commenced preparations to enter the UK and other European markets this year, with approvals underway for applications for various government, packaging, mobile network, health and safety. The Company is currently engaged with potential network and retail partners to launch in these markets this financial year.

In late February, the Company will attend the Mobile World Congress 2019 in Barcelona. This event is the world's largest such conference and attended by more than 110,000 delegates representing mobile network operators, technology companies and consumer electronics distributors and retailers from across the globe. The Company will have a significant stand and presence in the Wearables Pavilion.

## NSW Government Mobile Phone Ban in Primary Schools

MGM notes the recent ban of mobile phones in NSW primary schools and completely supports this move to limit cyber bullying and the distractions of internet and social media. Parents still however have communication needs and safety concerns for their children. SPACETALK with its GPS tracking capabilities, its “walled garden” of permissible contacts, no access to internet and social media and very importantly a “School Mode” that prevents all except emergency communication is uniquely positioned to balance the need for parent-child communication without the associated ‘smart phone’ distractions.

MGM plans to use this ban as an effective platform to promote the benefits of SPACETALK to parents, schools and the public.

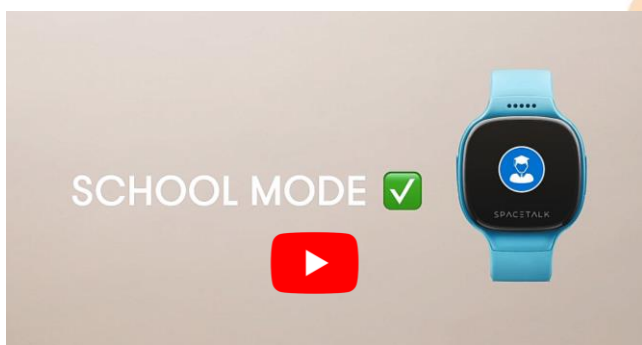
### Commentary

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

“MGM has achieved stellar SPACETALK sales and trading results in the important Christmas period. This was our first bricks and mortar Christmas and demand was difficult to forecast. We’re very pleased with the results which were achieved despite stock levels in some stores being totally depleted or bestselling colours being sold out due to strong demand in the critical huge final sales days leading up to Christmas. It is amazing to think, if that hadn’t occurred – SPACETALK’s sales results would have been even higher!”

“MGM is now looking forward to the commencement of another strong sales period. JB Hi Fi, Spark NZ and our own [www.spacetalkwatch.com](http://www.spacetalkwatch.com) ecommerce site are kicking off strong promotions right now. We’ll soon see thousands of kids coming back to School wearing their SPACETALK smartwatch phones.”

#### SPACETALK Product Video



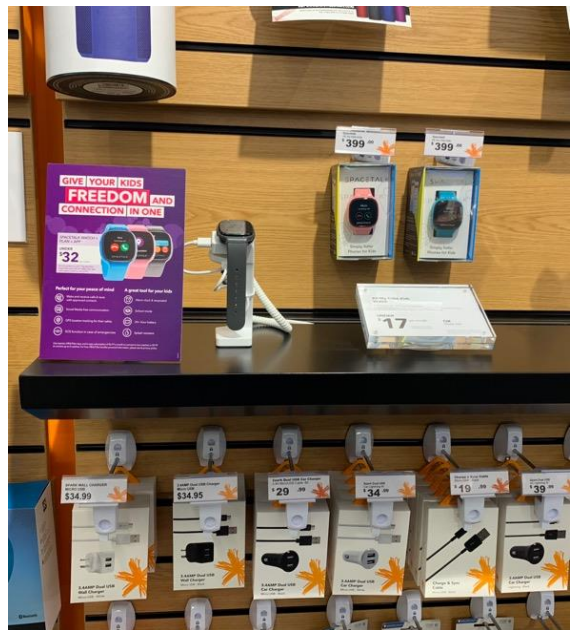
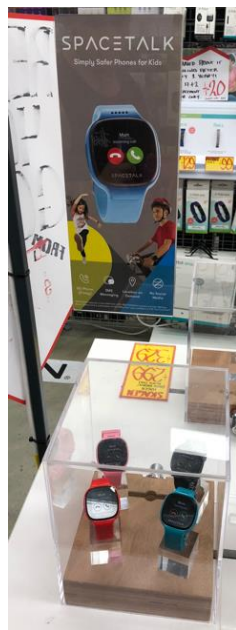
#### TV/Video Advertisement



## Outdoor Shopping Centre Advertising



## In Store Displays





### New Weather and Reward Stars Feature



## Screen Protectors and Charging Kit Accessories



### About SPACETALK

**SPACETALK is an all-in-one children’s smartphone, watch and GPS device that allows parents and children to be in constant contact without exposing children to the dangers of social media apps, such as Facebook, Instagram, YouTube, Google and unrestricted access to the Internet.**

SPACETALK is the first of its kind to be wholly conceived and 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 children leave 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 as “unhackable”, and has world’s best practice security and privacy features built in. It will also comply with 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.



## **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](http://www.mgmwireless.com)

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**-Ends-**

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