



ASX Announcement

MGM Wireless Limited (ASX:MWR)

31 August 2018

TRADING UPDATE

Highlights:

- **New production run of 3,300 SPACETALK watches completed and delivered into the Company's warehouse this week. Orders placed for further 20,000 SPACETALK watches for delivery from October through November in leadup to the peak Christmas season.**
- **2,500 SPACETALK units sold within 11 months of launch equating to revenue of \$613,039 (excluding recurring app revenue, and units used for promotion samples)**
- **SPACETALK FY19 revenues on track to exceed FY18 School Communications revenues of \$2.2m**
- **All sales channels are performing ahead of expectation:**
 - **JB Hi-Fi has within 3 weeks of on-line launch already placed several new orders**
 - **Leading Edge sales continue to be strong - with all stores reporting sell through and previously stocked stores placing new orders**
 - **Direct on-line sales (via allmytribe.com) are on track to becoming \$1 million+ p.a. revenue business**
- **Significant marketing budget allocated and selection process of high profile marketing agency in the final stages.**
- **Advancing negotiations with major domestic and international bricks and mortar retailers, telecoms and distributors with potential to stock before Christmas.**

31 August 2018 – Technology company **MGM Wireless Limited (ASX:MWR)** ('MGM' or 'the Company') today is pleased to provide a Trading Update to shareholders and investors.

The Company is very pleased to report that, having effectively sold out of our initial supply of 3,000 SPACETALK smart watches, it has placed orders for 23,300 units for delivery before the end of November. The first 3,300 units of this order were received at our warehouse this week.

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The purchase orders we have placed are to:

- Fill orders already received from our retail channel partners, JB Hi-Fi and Leading Edge;
- Meet anticipated demand from expected new retail channel partners, and;
- Meet demand from Company's e-commerce sales at www.allmytribe.com, and;
- Meet anticipated demand of the high-volume Christmas and back to school sales periods.

To support the SPACETALK rollout strategy, the Company has allocated a material budget for advertising and marketing and is in the final stages of selecting a high-profile advertising agency to implement a program over the Christmas and back-to-school sales period.

The Company is actively engaged in negotiations with domestic and international retailers and mobile network operators and expects to be able to announce additions to the retail channel network in due course.

Commenting on today's announcement and the concurrent release of the Company's 2018 Financial Results, Mark Fortunatow, the Company's co-founder and CEO, said:

"After 4 years in development our SPACETALK all in one children's phone GPS tracker and smartwatch has delivered sales and industry-wide acceptance well beyond forecasts and expectations. Its increasing popularity is demonstrated by accelerating sales which have occurred over a very short time timeframe and validates that there is a significantly larger growth opportunity than we initially anticipated.

JB Hi-Fi online sales have been a resounding success and discussions are underway for a pre-Christmas rollout to their physical stores. The exceptional sales via JB Hi-Fi online reflect the Company's own successful results online.

Our direct to customer online sales within Australia via the Company's own www.allmytribe.com website are now at an annual run rate of more than \$1 million per annum. Sales continue to grow month on month and are set to overtake our School Communication revenues in FY2019. This is a significant achievement considering limited marketing to date for a new device in a completely new market category.

We can hardly contain our excitement for the Company's future. I would like to sincerely thank all shareholders who have supported the Company throughout this four-year journey – as all development costs and the first production run of SPACETALK were funded entirely from operating profits."



About SPACETALK

SPACETALK is an all-in-one children's smartphone, watch and GPS tracker 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 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

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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

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For more information please contact:

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