



ASX Announcement

MGM Wireless Limited (ASX:MWR)

**5 November 2018**

## **TRADING UPDATE**

### **Highlights:**

- **Over 5,000 SPACETALK® watches shipped in past two weeks to over 270 bricks and mortar retail stores in Australia and New Zealand**
- **Pilot (pre-rollout) Stores experiencing strong sales and re-ordered twice within first 6 days**
- **\$850,000 Australian advertising will commence in November to support store sales**
- **NZ SPARK sales to commence next week, with high profile PR, Advertising and In-store New Zealand campaigns**
- **Revenues from SPACETALK® continue to exceed expectations both directly via [www.spacetalkwatch.com](http://www.spacetalkwatch.com) and in initial bricks and mortar stores; SCHOOLS business has record quarter**
- **New SPACETALK® product features include weather and a popular new colour, Pink**

**5 November 2018** – Technology company **MGM Wireless Limited (ASX:MWR)** ('MGM' or 'the Company') is marking the first anniversary of its SPACETALK® watch and is pleased to provide a trading update.

It has been a very successful and eventful year for the Company. We have made meaningful and substantial progress in creating a new business and transforming MGM to a fast growing 'wearables' company.

### **SPACETALK® DISTRIBUTION**

8,300 SPACETALK® units sold in first 12 months from launch equating to revenue of \$1.93mill (excluding recurring app revenue, and units used for promotion samples).

Over 5,000 SPACETALK® watches have been shipped in the past 2 weeks to over 270 leading bricks and mortar retailers in Australia and New Zealand ahead of high-volume Christmas sales period. For comparison purposes, and as previously announced, 2,500 units were sold in the first 11 months of sales to August 2018.

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

ABN 93 091 351 530 | Phone (08) 8104 9555

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

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



- 197 JB Hi-Fi stores have been stocked with SPACETALK® and equipped with merchandising materials.
  - In most stores SPACETALK® will be displayed and merchandised in coveted high profile, high traffic in-store locations.
  - Additionally, in over 90 stores SPACETALK® will be displayed in 2 in-store locations, including the high profile 'Play Table' locations. ([click](#) to see)
- Mobile Network Operator SPARK New Zealand ('SPARK') will launch SPACETALK® next week.
  - Inventory and merchandising material have been shipped.
  - SPARK will sell SPACETALK® with a recommended retail price of NZ\$399 (A\$369).
  - In a significant first, SPARK will offer SPACETALK® bundled with a SIM for under NZ\$25 (A\$23) on a 24-month monthly plan to its customers removing upfront cost as a potential barrier to purchase.
  - SPACETALK®'s rollout will be accompanied by an intensive NZ Advertising and PR campaign co-funded with MGM. First New Zealand TV Morning Show appearances occurred today.
  - 73 retail stores.
  - SPARK will also wholesale and distribute SPACETALK® in NZ to its Retail partners.

We previously announced that based on our distributors anticipated demand we had ordered approximately 23,000 units to be manufactured. We are expecting delivery of the remaining 15,000 units of that order to be received in batches over the coming 6 weeks to meet demand.

Our discussions with other major domestic and international bricks and mortar retailers, telecoms and distributors are ongoing with potential for further announcements in early 2019.

### **AUSTRALIAN MARKETING PROGRAM**

We previously announced our intention to conduct a high-profile Australian advertising program to support bricks and mortar sales leading into the important Christmas and back to school periods.

We are pleased to confirm today that this program is in the process of being implemented and will include:

- Extensive, high profile, Billboard and Out-of-home advertising in 71 leading Shopping Centres in Sydney, Melbourne and Brisbane. (click to see [Billboard](#) examples)
- Extensive Video and Image Digital and Social Media campaigns (click to see [Video](#)). The investment in the whole program will be \$850,000.



## **REVENUE**

Year to date Consolidated Revenues to October 2018 are up 181% YoY and expected to exceed FY18 full year revenue (\$2.74 mil) before calendar year end.

Prior to commencing the country wide rollout described above, SPACETALK® watches sales were piloted on-line and in store. Strong sell through rates were reported and orders for more inventory were received within 4-5 days of initial SPACETALK® deliveries.

The Company's on-line SPACETALK® store ([www.spacetalkwatch.com](http://www.spacetalkwatch.com)) continues to set new consecutive monthly sales records, surpassing last year's substantial monthly December Christmas sales results. It is on track to exceed \$1 million in annual revenues for FY 2019.

MGM's school business achieved all time, 16 year record quarterly revenues for July – September 2018 quarter, and is expected to deliver stable, steady profit performance with good margins and strong positive cashflow.

## **PRODUCT DEVELOPMENT**

As part of continuous development of the SPACETALK® product, three new features have been released:

- Weather Report on the Child's SPACETALK® watch. Children can now see the current and forecasted weather conditions at their location. ([Click](#) to see)
- Weather Report on the accompanying AllMyTribe app. Parents/Caregivers can now see the current and forecasted weather at their child's location. ([Click](#) to see)
- Reward Stars. A modern take on an age-old parent and child activity to incentivise positive behaviour and introduce children to the satisfaction of achieving goals by collecting reward stars for good behaviour or completing tasks. ([Click](#) to see)

We have recently introduced a new colour to our SPACETALK® range; pink, which, based on initial sales and market feedback is expected to be a strong seller, and has already contributed to over 20% increase in overall sales. ([Click](#) to see)

We have also developed and introduced new Screen Protector Kits and Battery Charging Kits to our product inventory. After sales purchase of these items are expected to add 4-7% to overall SPACETALK® revenues.



## **Commentary**

Commenting on today's announcement, Mark Fortunatow, the Company's co-founder and CEO said:

"MGM is in an absolutely fantastic position leading into the key Christmas and Back-to-school sales period. Every few days, sales results come in that exceed our expectations – meaning we have continuously needed to re-forecast our production numbers upwards. Having secured a 270+ store Australian distribution network of first tier electronics retailers JB Hi-Fi and Leading Edge, plus our first (and international) mobile network operator Spark New Zealand – the Company is in an absolutely amazing position in this fast growing wearables sector"

"With our marketing program finalised, stores stocked with their initial inventory and in store merchandising supplied, the stage is set and we anticipate reporting some amazing sales results in the new year. Our aim is to be the dominant brand in this exciting new product category."

"It's also important to remember that SPACETALK® is not an overnight success story. It is the result of almost five years of hard, often grinding work by our dedicated, talented and hardworking staff – whom I wish to thank dearly. All development costs and even the first production run of SPACETALK® was funded entirely from operating profits. The Company's business plan is fully funded so it's unlikely that a further capital raising would be required to fund the Australian or New Zealand business.

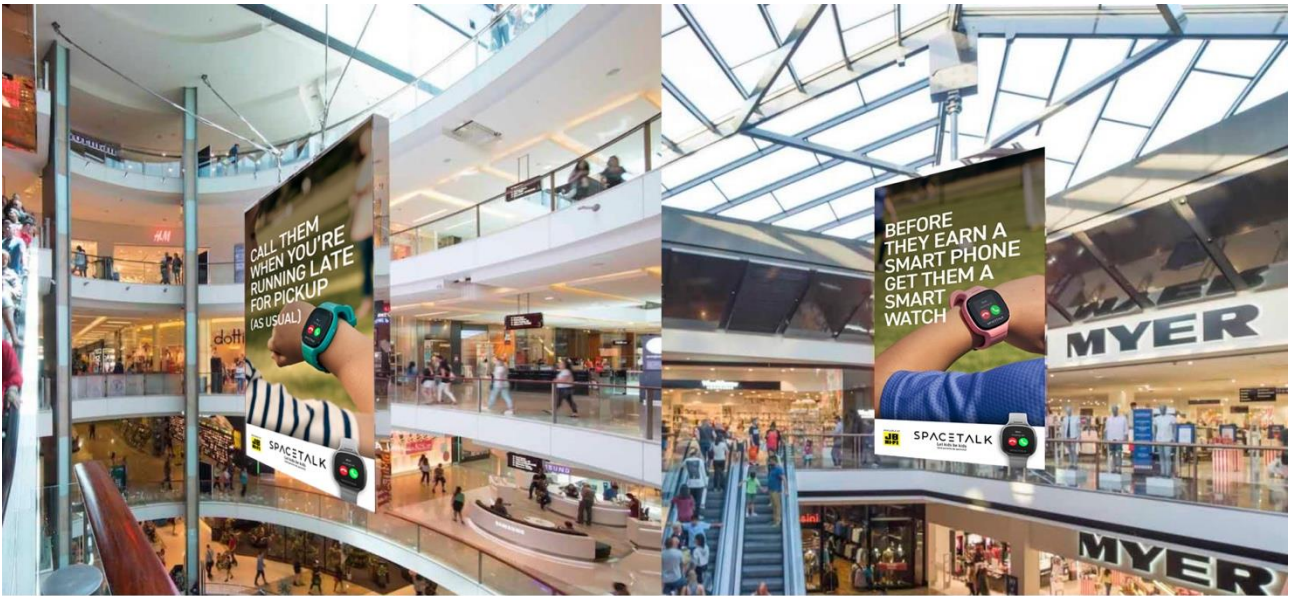
"We can hardly contain our excitement for the Company's future. We've transformed the Company, growing revenues at a very fast pace and I can't even imagine what the revenues will be like in 12 months' time. I would like to sincerely thank all shareholders who have supported the Company throughout our journey."

## **Annual General Meeting**

The Company like to remind and welcome all Shareholders to attend its Annual General Meeting to be held at the Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney NSW on Friday, 16 November 2018 at 11:00am.



## Billboard Advertising in 71 Shopping Centres



LARGE FORMAT SNAPSHOT

*Westfield*


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

ABN 93 091 351 530 | Phone (08) 8104 9555

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

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





**BROADWAY**

**EASTLAND**

**TOP RYDE**

**CHATSWOOD**  
**CHASE**

**HIGHPOINT**

**PACIFIC FAIR**

**LARGE FORMAT SNAPSHOT**

**oh!**  
Unmissable

## New Pink Colour Watches



**New Weather Report and Reward Stars Activity Features**



**New SPACETALK® charging and screen protector kits**







**In-store play table displays**







## **About SPACETALK®**



**SPACETALK® is an all-in-one children’s phone, watch and GPS device that allows families 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**

MGM Wireless Limited is a technology company designing, developing and commercialising wearable phone watch for children devices, 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.

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

ABN 93 091 351 530 | Phone (08) 8104 9555

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

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



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)

**For more information please contact:**

**MGM Wireless Limited**

Megan Coleman

[mcoleman@mgmwireless.com](mailto:mcoleman@mgmwireless.com)

M: +61 407 215 292

**-Ends-**