



ASX Announcement  
MGM Wireless Limited (ASX:MWR)  
30<sup>th</sup> April 2019

## MARCH QUARTER BUSINESS UPDATE & UK LAUNCH RECORD SALES RESULTS

### Highlights:

- **Record Third Quarter Revenue**
  - March QTR : Up 392%\* to \$1.4m
  - YTD: Up 193%\* to \$5.47m
- **SPACETALK Unit Sales**
  - March QTR : Up 975%\* to 5,100
  - YTD: Up 1,603%\* to 16,100
- **Recurring monthly SPACETALK App revenue**
  - Increase Subscribers in March QTR: 4,240 \*
  - YTD App Revenue: \$249,021
  - Total Paying Subscribers: 10,346
  - Total Active Subscribers<sup>1</sup>: 11,435
- **Cash Balance at 31 March \$1.45m**

\* Figures stated as compared to 3QFY18 or YTD FY18, the previous corresponding period (“pcp”)

**30<sup>th</sup> April 2019 – Technology company MGM Wireless Limited (ASX:MWR)** (‘MGM’ or ‘the Company’) today announces strong post-Christmas sales momentum and revenues for the March quarter for its SPACETALK all-in-one smartwatch, phone and GPS device.

Commenting on the results MGM Wireless chief executive Mr Mark Fortunatow said:

*“March quarter sales are seasonally the slowest for the year in the consumer electronics industry so we are absolutely delighted with these record results. We are also particularly pleased to see via social media, through growing subscriber numbers and low churn rates that customers who bought a SPACETALK leading to Christmas are overwhelmingly positive about their purchase.”*

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<sup>1</sup> Base App Fee allows for 2 SPACETALK devices to operate with one app subscription



*There is a growing SPACETALK community across Australia and New Zealand driving brand awareness through our big commitment to advertising promotion in 2018 and by word of mouth from satisfied customers that we are seeing today.*

*Sales momentum is continuing into the current quarter with several retail orders received since end of March quarter”*

### **UK Launch Update**

The Company’s previously announced expansion into the UK is scheduled to commence on 13<sup>th</sup> of May 2019, with an updated SPACETALK v 1.1 model which is further improved and modified to suit the UK mobile spectrum and spectrum in other parts of Europe. The Company is on track to launch as previously announced.

The UK market debut follows the successful international launch of SPACETALK in New Zealand in November, where our innovative all-in-one smartwatch-location finder-mobile phone is supported by leading telco, Spark.

With a population of more than 66 million people, the UK market is approximately three times the size of our home markets of Australia and New Zealand.

Building on the successful Australian sales strategy, the Company plans a ‘soft’ launch on the Company’s UK Website ([www.spacetalkwatch.co.uk](http://www.spacetalkwatch.co.uk)) to be followed by a bricks and mortar retail store rollout once customer service and other logistics operations are working smoothly.

MGM Wireless executives and potential distributors have been negotiating the UK launch for many months. MGM Wireless will make further announcements about UK retail partners over the coming months.

Commenting on the pending UK launch Mark Fortunatow said:

*“SPACETALK will be available in the UK this northern spring retail season, in the lead up to school holidays, where the versatility of our all-in-one smartwatch mobile phone will come into its own, just as it has this summer in Australia and New Zealand. The Australian launch blueprint has worked so well, we are very optimistic of a successful country launch in the UK.*

*Kids smartwatches are a known successful category in the UK. It’s just that nobody has overcome the data security and privacy issues except SPACETALK. Some Chinese brands and white label products have even been withdrawn from the market.*



*Our starting point with SPACETALK in Australia was security, privacy and family safety. We think these same key metrics will underpin a positive launch into a market crying out for a product which sets a global benchmark in these vital areas.*

*Another added attraction of SPACETALK 1.1 is that it is tuned for the Optus and Vodafone Australian networks. SPACETALK 1.1 offers more flexibility to Australian customers, with Optus and Vodafone family phone accounts.*

*Market acceptance is so strong that we want to broaden SPACETALK's appeal outside the Telstra network. Quite frankly, we have been blown away by SPACETALK's market acceptance in Australia and New Zealand.*

*Our focus on child safety, data security and privacy has certainly paid dividends, considering we are offering a premium Australian designed service competing with cheaper imported products.*

*This announcement caps off a successful visit to bricks and mortar retailers in November amid interest generated by showcasing SPACETALK at the Mobile World 2019 conference in Barcelona."*

## **Financials**

During the quarter, MGM Wireless drew down a further \$500,000 of its existing \$2m convertible note funding facility to finance the inventory build to support the UK launch. The facility has been drawn to \$1m. There is a further \$1m available. The drawdown was in anticipation of the UK launch. A further drawdown may be required in Q3 to fund increased stock levels for the UK launch.

## **ABOUT MGM Wireless**

MGM Wireless Limited is a technology company designing, developing and commercialising a 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. In addition, during school hours, the





device can operate in 'School Mode' whereby all communication features are disabled to ensure children won't be distracted.

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 1,400 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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