



MGM WIRELESS
(ASX:MWR)



SPACETALK
The Next Growth Category
September 2019



MGM Wireless today



SPACETALK
Simply Safer Phones for Kids

MGM Wireless is the designer and developer of the SPACETALK smartphone, watch and GPS for children aged 5-12 and the accompanying AllMyTribe app.

MGM Wireless is also the #1 provider of messaging communication solutions for Australian schools.



Established
2001

ASX listed
2003

SPACETALK
launched
October 2017

History of paying
dividends and
tight capital
management

SPACETALK
sold in Australia,
UK and New
Zealand

New emerging
global
opportunity;
children's
wearables

SPACETALK
sales
Up 931%

Our businesses



SPACETALK
Simply Safer Phones for Kids



Wearables

SPACETALK all-in-one smartwatch, phone and GPS product

- Innovative 'Internet of Things' product
- Industrial Design by the same team that designed the Apple Watch
- Fast growth trajectory
- Global opportunity – kid's wearables



School communications

Australian school communications solutions since 2002

- Stable, profitable, subscription business
- Attendance management and school communication messaging
- 1,400 schools
- 1.7 million parents

SPACETALK

Simply Safer Phones for Kids



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3G Phone
(2-way)



SMS
Messaging



Safe
Contact List



Location on
Demand



Key features



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Simply Safer Phones for Kids



3G Phone
(2-way)



SMS
Messaging



Safe
Contact List



School
Mode



Location on
Demand



Safe
Places



SOS
Alerts



High
Security



Up to 24 hr
Battery



Reward
Stars



Water
Resistant



Stop
Watch



Weather



Reminder
Alarms





Step
Counter



The SPACETALK difference



SPACETALK
Simply Safer Phones for Kids

	 SPACETALK	 OTHERS
3G Mobile High Band	✓	✓
3G Mobile Low Band	✓	✗
Reliable mobile coverage across Australia and UK	✓	✗
Complies with Australian, NZ and UK telecommunications network requirements	✓	✗
Tested and certified to Australian, NZ and UK standards and safe for kids	✓ (supplier number E6254)	✗
Kids' data stored in	Australia/UK	Overseas (typically China)
Data secure and stored in	Australia/UK	✗
Data protected by Australian privacy and security laws and EDPR	✓	✗
Apps developed in	Australia	Overseas (typically China)
Camera	✗	✓ Some



2018 audit by The University of Adelaide's School of Electrical and Electronic Engineering and Interpol accredited global cyber expert in digital forensics – found potential security breaches in all the models reviewed except SPACETALK – and that the severity of those breaches were 'notifiable' to federal authorities.

Wearables – new, fast-growing market



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'30% of all Smartwatch sales will be children aged 5-13'

Global 'spending on wearables forecast to be \$42B in 2019'

Gartner
Gartner Research 2017

'Smartwatches are on pace to achieve the greatest revenue potential among all wearables through 2021'

'Pure smartwatch sales forecasted to grow from 2017: \$9.3B to \$17.4B (2017-2121)'



Market - leading data security



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SPACETALK is the most secure in the market:

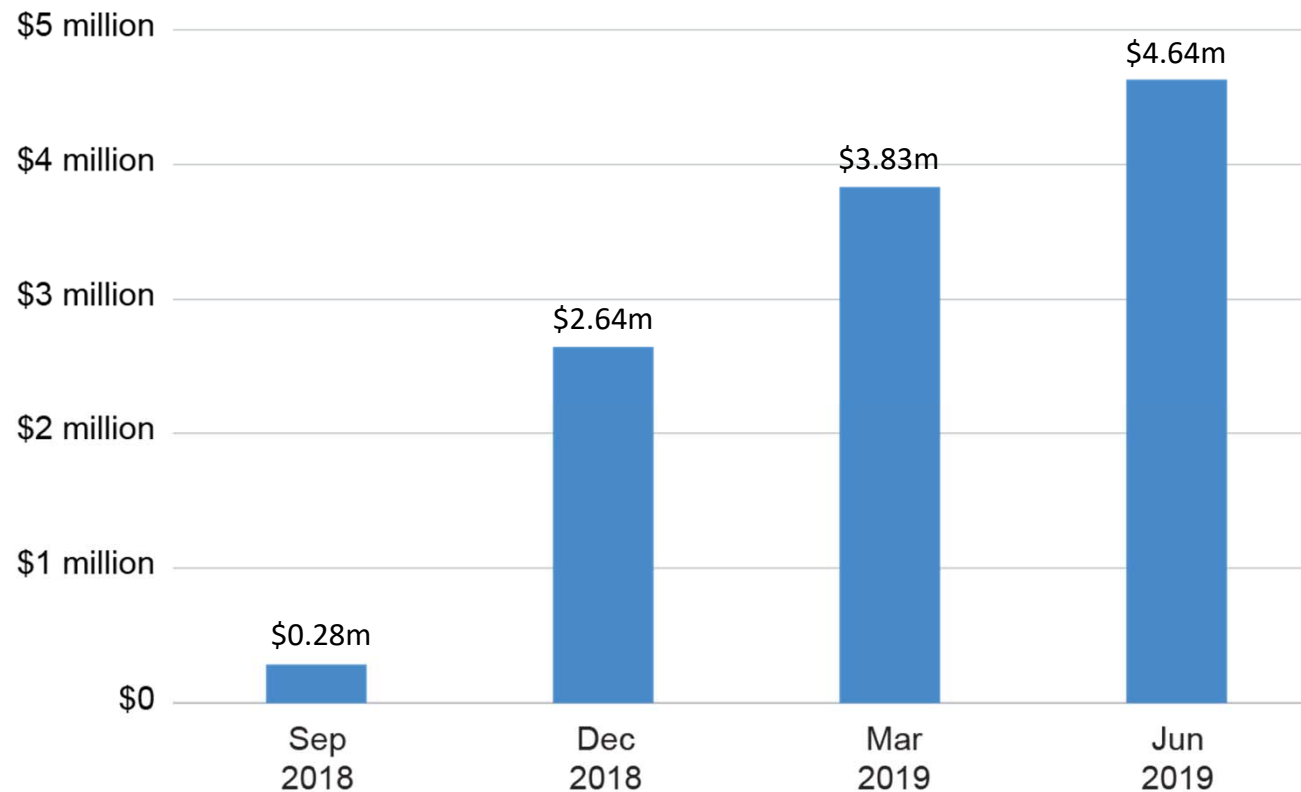
- All data is hosted in Australia and the UK
- Data Encrypted between AllMyTribe app, servers and SPACETALK
- Two-factor authentication used in pairing process
- Hardware to chip level tested as secure
- Apps, server software and firmware developed in Australia
- European GDPR privacy of data compliant



SPACETALK cumulative quarterly revenue



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SPACETALK sales
strong and growing
through the year

December quarter stronger
due to Christmas

SPACETALK distribution



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Australia
316 stores

JB Hi-Fi (196)
Leading Edge (120)

New Zealand
189 stores

SPARK (71)
Noel Leeming (77) **NEW**
Harvey Norman (35) **NEW**
JB HiFi (6) **NEW**

SPACETALK
e-commerce
store

UK
Sky Mobile **NEW**
QVC UK **NEW**



Financial position



SPACETALK
Simply Safer Phones for Kids

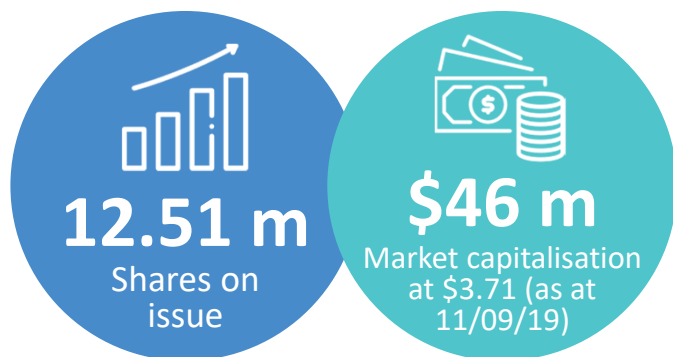
Financial position as at:	30-Jun-19 \$m	30-Jun-18 \$m
ASSETS		
Cash	1.64	2.65
Inventory	1.24	0.12
Other current assets	1.81	1.16
Non-current assets	2.97	2.72
TOTAL ASSETS	7.67	6.55
LIABILITIES		
Current liabilities	1.61	0.89
Non-current borrowings	1.25	0.0
Deferred tax liabilities	0.0	0.0
TOTAL LIABILITIES	2.86	0.90
NET ASSETS	4.80	5.66
EQUITY		
Issued capital	10.81	9.97
Reserves	3.73	0.74
Retained earnings	(9.73)	(5.04)
TOTAL EQUITY	4.80	5.66

- Cash \$1.6 million at 30 June 2019
- Inventory mostly SPACETALK units
- Non-current assets include intangible assets of \$2.8 million
- Expecting to write down all IP assets 100% over 3 years
- \$2 million convertible note drawn to \$1.25 million at 30 June 2019 (drawn to \$1.75 million at 9 September 2019)

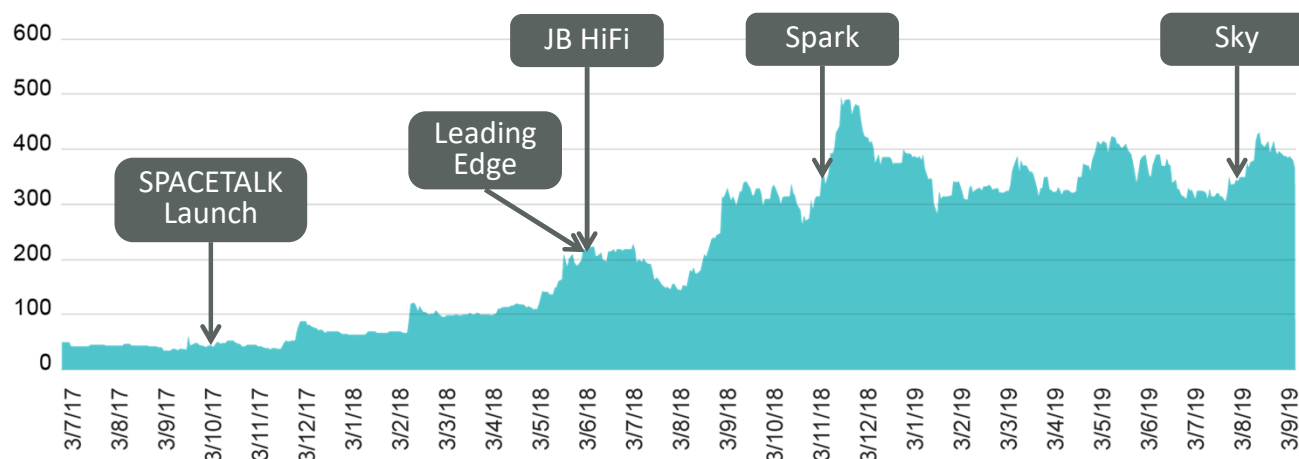
Capital structure



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Share price and distribution milestones



Top shareholders

- 14.9% Fortunatow Family (Founder)
- 3.4% Hurd Family (Founder estate)
- 2.9% Gleneagle / Pink Style
- 2.2% Yavern Creek

Options expiring	Exercise Price	Number	
30 April, 2020	\$1.40	240,000	
29 November, 2020	\$4.00	550,000	
30 April, 2022	\$6.00	210,000	Held by directors
30 April, 2022	\$8.00	150,000	
30 April, 2022	\$10.00	150,000	

Market comparables



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\$'000's unless shown otherwise

Company	MGM Wireless MWR	Nuheara (NUH)	Life 360 360	Dubber DUB	Family Zone FZO	
FY19 Performance						
Revenue	7,142.1	2,218.7	24,597.0	7,392.2	4,184.3	
EBITDA	-270.0	-10,025.2	-16,672.0	-8,077.4	-14,401.1	
NPAT*	-1,297.2	-10,027.2	-17,102.0	-9,676.8	-14,401.1	
Working Capital	3,087.0	4,870.8	78,593.0	23,595.6	4,063.1	
Net Debt/(Cash)	-379.4	-3,220.1	-77,600.0	-19,618.2	-3,398.6	
Revenue Growth (1-year)	161%	-14%	114%	269%	80%	
Market Capitalisation	45,020.5	26,555.3	495,199.6	250,245.6	37,116.1	
Ratios						
						Average
EBITDA Margin	-3.8%	-451.8%	-67.8%	-109.3%	-236.7%	-173.9%
EV/Revenue	6.3	10.5	17.0	31.2	8.1	14.6
EV/EBITDA	-165.3	-2.3	-25.0	-28.6	-3.4	-44.9
Working Capital/Sales	43.2%	219.5%	319.5%	319.2%	97.1%	199.7%
Working capital to net assets	64%	46%	98%	84%	51%	68.6%
Shares (m)	11,847.5	1,062,210.3	145,219.8	186,750.5	200,627.8	
Price (Cents)(4/09/19)	380	2.5	341	134	18.5	
Market Capitalisation (\$m)	45,020.5	26,555.3	495,199.6	250,245.6	37,116.1	

Notes:

MWR EBITDA Normalised for non cash expense related to issue of shares and options

FZO Current borrowings included in debt, not Working Capital

Relative to peers,
MGM shows:

- ✓ A very modest EBITDA loss
- ✓ Conservative use of working capital
- ✓ A low valuation based on EV/revenue

Financial performance summary



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Results for the year ended: \$m unless otherwise specified	30 Jun 19 \$m	30 Jun 18 \$m	% Change
Total revenue	7.14	2.74	161
Wearables revenue	4.64	0.45	933
School communication revenue	2.19	2.23	(2)
EBITDA	(0.27)	0.67	(140)
Net loss	(4.69)	(1.13)	315
EBITDA margin	(4%)	24%	(28%)
Net cash from operations	(0.53)	1.25	(143%)
Cash balance	1.64	2.65	(38%)
Net cash/debt	0.39	2.65	(85%)
Earnings per share (basic) cents	(38.80)	(11.71)%	231%

- Record revenue – up 161%
- SPACETALK sales exceeding management expectations
- Capitalising on market leadership and growth opportunity while maintaining prudent expenditure
- Cost of sales \$1.9 million, up from \$0.3 million
- Amortisation and depreciation \$2.0 million (FY18: \$1.8 million)
- Loss reflects non-cash option and share issue costs of \$3.4 million
- Monthly recurring revenue run rate \$66k/month
- Grants of \$275,000 received in FY2019

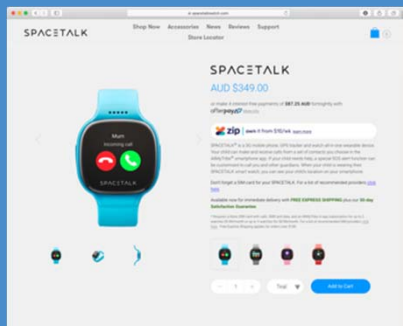
Business model quickly replicable in new markets



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Online sales

www.spacetalkwatch.com



Bricks and mortar retail



Marketing



Partnerships with leading telcos



UK immediate growth opportunity



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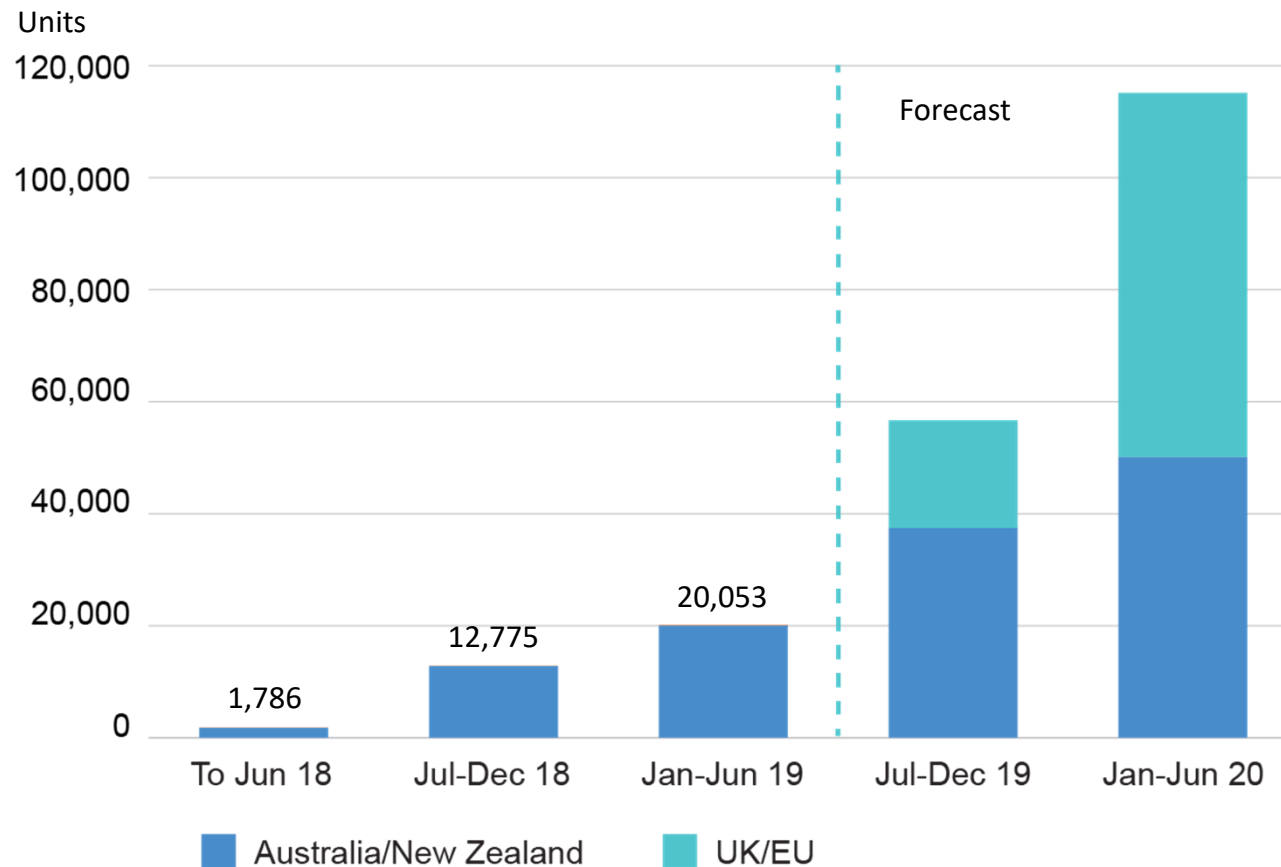


- Landmark agreement with Sky Mobile, part of Sky UK which has 23 million subscribers and is owned by Comcast
- Sky selling SPACETALK on a £10 per month plan
- Strong sales already reported; targeted marketing to Sky's subscribers has begun and will accelerate sales in Q2 FY20
- MGM receives full wholesale payment and recognises 100% of revenue when SPACETALK is sold to Sky
- Sales agreement signed with QVC UK, leading home shopping channel with 12.5 million customer contacts
- QVC UK will promote SPACETALK on its TV in 30- and 45- minute shows, at its own expense
- Additional bricks and mortar agreements expected

Unit sales and outlook of SPACETALK



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Rapid growth expected to continue this financial year and beyond as new markets are opened

Near term growth opportunities



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Leveraging geographic expansion

- Strong pipeline of distributors in current markets
- Barcelona Mobile World Congress February 2019 attendance led to approaches from leading global telcos and distributors
- Opportunity to expand into new European markets, discussions underway
- Strong interest in MGM's Berlin IFA September 2019 consumer electronics show stand
- US trademark secured

Further agreements
expected with a
leading Australian
telco and overseas
telco in FY20



Future opportunities



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Rapidly assessing new market opportunities that can leverage MGM's technology:



Elderly



Disabled



**Field
Workers**



4G watch

release in
development
(expect FY20)

Summary



SPACETALK
Simply Safer Phones for Kids

Record revenue
up 161% to
\$7.1m

SPACETALK sales
up 931% to
\$4.6m

Sales of SPACETALK
expected to grow
4X to 90,000
in FY20

Opportunity to capitalise on
emerging new product
category

SPACETALK
unit sales up
1,023% to
18,270

Australia and
New Zealand
distribution
increased to
505 stores

Significant near term growth opportunity

- Sky rollout of £10 per month plan
- 4G watch release
- Launch into new verticals
- QVC potential sales and brand awareness
- Expecting new Australian telco in FY20
- Expecting new overseas telco in FY20



Appendix - Leadership team



SPACETALK
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Mark Fortunatow
Chief Executive Officer
BSc (MaSc) BEc



Paul Cooper
General Manager Wearables
Formerly Microsoft, Nokia



Nathan De Rozario
SPACETALK Director of
Marketing & Sales
Formerly Samsung



Jarred Puro
Director of Finance and
Corporate Services



Tim Eckermann
HR Consultant
Formerly World Bank
Group HR BP



Amanda Lee
National Sales Manager
Formerly Microsoft, JB Hi-Fi,
Blackberry and Motorola
Senior Sales



Andrew Cockburn
General Manager
Education
Formerly News Corp



Leila Henderson
Non-executive Director
Fellow of Entrepreneurship
Flinders University



Glen Butler
Non-executive Director
Founder Visy
BSc

SPACETALK Appears on:

The Today Show
5/09/19





SPACETALK
ears on:

va 919

**Dylan
& Hayley**
6-10am weekdays

