

ASX Announcement

MGM Wireless Limited (ASX:MWR)

**20 August 2020**

Australian software technology company **MGM Wireless Limited (ASX:MWR)** ('MGM' or 'the Company') is pleased to release its financial statements for the year ended 30 June 2020, with results reflecting the Company's successful, ongoing shift to SPACETALK Wearables which is now the significant part of the overall business.

## 2020 FINANCIAL RESULTS SUMMARY

<b>2020 Key results</b>			
Twelve months ended 30 June			
<i>\$ million unless otherwise specified</i>			
	<b>2020</b>	<b>2019</b>	<b>Change</b>
<b>Total Revenue</b>	<b>10.49</b>	<b>7.14</b>	<b>47%</b>
<b>SPACETALK Revenue</b>	<b>7.67</b>	<b>4.64</b>	<b>65%</b>
<b>MGM School Communication Revenue</b>	<b>2.74</b>	<b>2.19</b>	<b>25%</b>
<b>EBITDA</b>	<b>(0.21)</b>	<b>(0.27)</b>	<b>22%</b>
<b>Net Loss</b>	<b>(4.27)</b>	<b>(4.69)</b>	<b>9%</b>
<b>Dividend per share (cents)</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>EBITDA margin*</b>	<b>(2%)</b>	<b>(4%)</b>	<b>50%</b>
<b>Net cash from operating activities</b>	<b>0.94</b>	<b>(0.53)</b>	<b>277%</b>
<b>Cash balance</b>	<b>3.17</b>	<b>1.64</b>	<b>93%</b>
<b>Net cash/(debt)</b>	<b>3.17</b>	<b>0.39</b>	<b>713%</b>
<b>Earnings per share (basic) cents</b>	<b>(3.1)</b>	<b>(3.88)</b>	<b>20%</b>

\*Excluding non-cash options and share expenses.

## FY20 HIGHLIGHTS

- Total Revenue grew 47% pcp to \$10.5m
- SPACETALK Device Revenue grew 53% pcp to \$6.4m
- AllMyTribe App Annualised Recurring Revenue (ARR) grew 89% pcp to \$1.5m
- AllMyTribe App Revenue grew 180% pcp to \$1.2m
- MGM School Communication Revenue grew 25% pcp to \$2.7m
- Total SPACETALK business EBITDA contribution (excluding corporate overhead costs), improved from -\$0.1m to \$0.1m
- MGM School Communication EBITDA contribution (excluding corporate overhead costs) improved by 58% from \$1.2m to \$1.9m
- Net Cash at June 30, 2020 \$3.1m (excluding SPP \$2.5m proceeds received in July)

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Appendix 4E  
Preliminary Final Report  
Under Listing Rule 4.3A

**MGM Wireless Limited**

(ABN 93 091 351 530)  
Year Ending 30 June 2020  
(Previous corresponding period – Year ending 30 June 2019)

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Appendix 4E

## 4E Preliminary Final Report

### **MGM Wireless Limited**

(ABN 93 091 351 530)

Year Ending 30 June 2020

(Previous corresponding period – Year ending 30 June 2019)

#### Results for announcement to the market

			\$
Revenue from ordinary activities	Up by 47%	to	10,486,518
Profit/(loss) from ordinary activities after tax attributable to members	Down by 9%	to	(4,265,452)
Net Profit/(loss) for period attributable to members	Down by 9%	to	(4,269,937)
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>	
Final dividend	Nil¢	Nil¢	
Previous corresponding period	Nil¢	Nil¢	
Record date for determining entitlements to dividends	Not applicable		
Payment date	Not applicable		
<b>Net tangible asset backing</b>	<b>30 June 2020</b>	<b>30 June 2019</b>	
Net tangible asset backing per ordinary security	\$0.03	\$0.03	
<b>Control gained or lost over entities during the period</b>			
Name of entity	Not applicable		
Date of gaining or losing control	Not applicable		
<b>Dividend or distribution reinvestment plan details</b>			
There is no conduit foreign income for this dividend.			
<b>Joint venture and associate details</b>			
Not applicable			
<b>Foreign entities' accounting standards used</b>			
Not applicable			
<b>Status of Audit</b>			
The statutory financial statements of the consolidated entity are in the process of being audited.			

**MGM Wireless Limited**  
**Commentary on Results**  
**For the Year Ended 30 June 2020**

The directors of MGM Wireless Ltd are pleased to report the Company's financial results for the 12 months to 30 June 2020.

**Operational Highlights**

- Significantly expanded retail distribution footprint from a total of 271 stores (June 30, 2019) to 902 stores (June 30, 2020)
- New retail distribution in FY2020 included Vodafone, Officeworks, The Good Guys, Kogan, Belong Mobile, Qantas Frequent Flyer in Australia; Sky, Curry's Carphone Warehouse in the UK; and JB Hi-Fi, Noel Lemming and Harvey Norman in NZ
- Expanded regional distribution to UK via Sky and Curry's Carphone Warehouse
- Signed our first major Australian Mobile Network agreement with Vodafone, whereby SPACETALK and mobile SIM will be sold on a monthly plan
- Launched our new SPACETALK Life watch for Seniors, opening a new and significant revenue opportunity into a separate but complementary market
- Developed our new SPACETALK children's watch for launch later this year
- Achieved record sales and profit results from our MGM Wireless School Communication Business
- Won a major \$1.3m contract from the Western Australia Department of Education to supply Student Absence Notification Messaging Software and Services to all WA Government schools
- Strengthened our Board with 2 key new appointments
- MGM Wireless School Business performed at record levels due to summer bushfires, new W.A. Education Department Contract and COVID-19 crisis messaging

**Financial Highlights**

- Total Revenue grew 47% pcp to \$10.5m
- SPACETALK Device Revenue grew 53% pcp to \$6.4m
- AllMyTribe App Annualised Recurring Revenue (ARR) grew 89% pcp to \$1.5m
- AllMyTribe App Revenue grew 180% pcp to \$1.2m
- Achieved \$1.5m ARR from our AllMyTribe App with 398% CAGR since launch
- MGM School Communication Revenue grew 25% pcp to \$2.7m
- Total SPACETALK business EBITDA contribution (excluding corporate overhead costs), improved from -\$0.1m to \$0.1m
- MGM School Communication EBITDA contribution (excluding corporate overhead costs) improved by 58% from \$1.2m to \$1.9m

- Strengthened our Balance Sheet with 2 capital raisings. \$5.5m placement at \$0.34 per share; and \$2.5m SPP to existing shareholders at \$0.1075 per share
- Net Cash at June 30, 2020 \$3.1m (excluding SPP \$2.5m proceeds received in July)

In FY2020 the Company made significant progress by achieving 47% pcp revenue growth and a number of strategic milestones to support the business for further growth into the future.

FY2020 SPACETALK device revenue grew 53% pcp, AllMyTribe App revenue grew 89% pcp on an ARR basis, and MGM School Communication Business grew 25% pcp. The above growth results were achieved with a EBITDA result of -\$0.21m, a pcp improvement from -\$0.27m as the Company improved its Customer Acquisition Costs (CAC) and achieved excellent 94% gross profit margins in its MGM Wireless school communication business.

The AllyMyTribe App recurring revenue model business is growing at 398% CAGR since launch and has passed the \$1.5m ARR milestone. The MGM School business, an enterprise SaaS business achieved revenue growth of 25% pcp - a record result with strong gross profit margins.

The Company made significant progress towards building a solid foundation for sustained growth into the future. We made R&D investments into the development of two new devices and the AllMyTribe App/Cloud Platform. Our SPACETALK Life Seniors Watch was released in July, with first shipments made to customers in August. Customer feedback is very positive, and the Company will be progressively activating marketing, advertising and PR launch activities in the coming weeks. We have also developed and are preparing for launch a second generation SPACETALK Kids watch which will be released in time for the gift giving Christmas period this year.

The Company significantly expanded retail store distribution, by increasing the number of bricks and mortar locations from 271 to 902. We are also successfully expanding into the UK through agreements with Sky and Curry's Carphone Warehouse, a key expansion market and beachhead for future expansion into Europe.

The Company finished FY2020 with a milestone Sales Agreement with Vodafone, marking the start of a new Company opportunity whereby parents can purchase a SPACETALK device and SIM from a Tier 1 mobile operator on a very affordable monthly plan.

During the year, the Company paid out \$1.75m in convertible notes from existing funds, and completed two capital raisings, \$5.5m to new investors at a post-split equivalent issue price of \$0.34; and \$2.5m via a SPP at \$0.1075 per share. The Company is well funded with a June 30 cash balance of \$3.1m (excluding \$2.5m SPP proceeds received in July).

The Company strengthened its Board with the appointment of experienced investment and finance expert, Mr Martin Pretty, and internationally recognised and awarded design expert, Dr Brandon Gien, as non-executive directors. A number of key new executive level positions were also filled to strengthen the Management Team.

The Company is well positioned to capture the significant market opportunity that SPACETALK presents, we are market leaders in Australia and New Zealand and are an emerging brand in the UK in the Kids smartwatch category. In the short term our focus for HY1/2021 will be increasing our market share through existing channels with SPACETALK version 1 device for Kids, growing our sales of SPACETALK Life for Seniors, launching the new SPACETALK version 2 device for Kids and expanding our distribution both locally and in the UK/Europe.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group Year Ended	
		30/06/2020	30/06/2019
		\$	\$
<b>Continuing Operations</b>			
Revenue	2	10,486,518	7,142,148
Cost of sales		(3,049,807)	(1,923,963)
Doubtful debts		(14,544)	(5,167)
Interest expense		(127,632)	(16,685)
Amortisation & depreciation		(2,458,697)	(1,985,402)
Options and share issue costs		(2,477,662)	(3,391,440)
Corporate and administration		(3,167,824)	(1,981,509)
Advertising and marketing		(1,741,184)	(1,969,357)
Employee costs		(2,762,209)	(1,476,786)
(Loss)/ Gain on foreign exchange		41,696	(36,181)
(Loss)/ profit before tax		(5,271,345)	(5,644,342)
Income tax benefit		1,005,893	955,663
<b>Net loss for the period attributable to owners of the Company</b>		<b>(4,265,452)</b>	<b>(4,688,679)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		(4,485)	2,465
Other comprehensive income for the period (net of tax)		(4,485)	2,465
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>(4,269,937)</b>	<b>(4,686,214)</b>
<b>(Loss)/profit attributable to:</b>			
<b>Owners of the Company</b>		<b>(4,269,937)</b>	<b>(4,686,214)</b>
<b>Earnings per share</b>			
Basic (cents per share)		(3.10)	(3.88)
Diluted (cents per share)		(3.03)	(3.67)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the attached notes.

## Consolidated Statement of Financial Position

	Notes	Group As At	
		30/06/2020	30/06/2019
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		3,165,125	1,635,872
Trade and other receivables		1,049,580	813,863
Inventories		977,851	1,241,938
Other current assets		1,061,566	1,000,700
<b>Total Current Assets</b>		<b>6,254,122</b>	<b>4,692,373</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	182,731	187,983
Intangibles	10	3,713,004	2,786,541
Right-of-use assets	11	134,111	-
Deferred tax assets		458,488	-
<b>Total Non-Current Assets</b>		<b>4,488,334</b>	<b>2,974,544</b>
<b>Total Assets</b>		<b>10,742,456</b>	<b>7,666,897</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		2,084,841	1,298,051
Provisions		208,790	307,349
Lease liabilities	11	135,642	-
<b>Total Current Liabilities</b>		<b>2,429,273</b>	<b>1,605,400</b>
<b>Non-Current Liabilities</b>			
Borrowings		-	1,250,000
Deferred Tax Liabilities		-	6,499
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>1,256,499</b>
<b>Total Liabilities</b>		<b>2,429,273</b>	<b>2,861,899</b>
<b>Net Assets</b>		<b>8,313,183</b>	<b>4,804,998</b>
<b>EQUITY</b>			
Issued capital	13	16,124,617	10,806,726
Reserves		6,185,717	3,729,971
Accumulated losses		(13,997,151)	(9,731,699)
<b>Total Equity</b>		<b>8,313,183</b>	<b>4,804,998</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the attached notes.



## Consolidated Statement of Changes in Equity

	Issued Capital \$	Accumulated Losses \$	Share based payment Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
<b>Consolidation</b>					
<b>At 30 June 2018</b>	<b>9,966,782</b>	<b>(5,043,020)</b>	<b>764,521</b>	<b>(29,009)</b>	<b>5,659,274</b>
Loss attributable to members	-	(4,688,679)	-	-	(4,688,679)
Currency translation differences	-	-	-	2,465	2,465
<b>Total comprehensive income</b>	<b>-</b>	<b>(4,688,679)</b>	<b>-</b>	<b>2,465</b>	<b>(4,686,214)</b>
<b>Transaction with owners</b>					
<b>Contributions and distributions</b>					
Shares issued	6,000	-	-	-	6,000
Options exercised	775,903	-	(335,945)	-	439,958
Options/rights issued	50,007	-	3,327,939	-	3,377,946
Current tax expense on share issue costs	8,034	-	-	-	8,034
Transactions with owners	839,944	-	2,991,994	-	3,831,938
<b>At 30 June 2019</b>	<b>10,806,726</b>	<b>(9,731,699)</b>	<b>3,756,515</b>	<b>(26,544)</b>	<b>4,804,998</b>
Loss attributable to members	-	(4,265,452)	-	-	(4,265,452)
Currency translation differences	-	-	-	(4,485)	(4,485)
<b>Total comprehensive income</b>	<b>-</b>	<b>(4,265,452)</b>	<b>-</b>	<b>(4,485)</b>	<b>(4,269,937)</b>
<b>Transaction with owners</b>					
<b>Contributions and distributions</b>					
Share issued	5,581,525	-	-	-	5,581,525
Options exercised	14,000	-	-	-	14,000
Cost of share issued	(289,224)	-	-	-	(289,224)
Options/rights issued	11,590	-	2,460,231	-	2,471,821
Transactions with owners	5,317,891	-	2,460,231	-	7,778,122
<b>At 30 June 2020</b>	<b>16,124,617</b>	<b>(13,997,151)</b>	<b>6,216,746</b>	<b>(31,029)</b>	<b>8,313,183</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes.

## Consolidated Statement of Cash Flows

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	10,175,388	7,216,287
Payments to suppliers and employees	(10,065,525)	(8,340,307)
Tax benefits	955,103	609,349
Interest and other costs of finance	(127,632)	(16,685)
Net cash provided by/(used in) operating activities	<u>937,334</u>	<u>(531,356)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(42,044)	(42,581)
Payment for research and development	(3,101,983)	(2,190,466)
Net cash (used in)/provided by investing activities	<u>(3,144,027)</u>	<u>(2,233,047)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	5,500,003	-
Costs associated with issue of shares	(289,224)	-
Proceeds from options exercised	14,000	498,000
Issue of convertible note	500,000	1,250,000
Payment of lease liabilities - principal	(234,348)	-
Repayment of convertible notes	(1,750,000)	-
Net cash provided by/(used in) financing activities	<u>3,740,431</u>	<u>1,748,000</u>
<b>Net increase/(decrease) in cash held</b>	<b>1,533,738</b>	<b>(1,016,403)</b>
<b>Cash and cash equivalents at 1 July</b>	<b>1,635,872</b>	<b>2,649,810</b>
Effect of exchange rate changes	(4,485)	2,465
<b>Cash at the end of the year</b>	<b><u>3,165,125</u></b>	<b><u>1,635,872</u></b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the attached notes.

**MGM Wireless Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2020**

**1. Significant Accounting Policies**

**Statement of Compliance**

The Appendix 4E preliminary final report has been prepared in accordance with ASX listing rules and the recognition and measurement criteria of Accounting Standards and interpretations. Accounting Standards include Australian equivalents to International Financial Reporting Standards.

**Basis of Preparation**

The Appendix 4E has been prepared on the basis of historical cost. The accounting policies and methods of computation adopted in the preparation of the Appendix 4E are consistent with those adopted and disclosed in the Group's 30 June 2020 annual financial report with the exception of the following:

- The Group adopted AASB 16 – *Leases* from 1 July 2019

The accounting policies were disclosed in the Group's 31 December 2019 half-year financial report

**2. Revenue**

The following is an analysis of the Group's revenue

Schools sales
SPACETALK sales
Grants received
Other SPACETALK income
Sundry income
Total sales revenue

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
Schools sales	2,740,975	2,190,415
SPACETALK sales	7,672,471	4,637,982
Grants received	-	275,321
Other SPACETALK income	31,309	28,275
Sundry income	41,763	10,155
<b>Total sales revenue</b>	<b>10,486,518</b>	<b>7,142,148</b>

Other SPACETALK income relates to repairs and shipping charges.

**3. Income Tax**

Income tax benefit

The income tax benefit for the year can be reconciled to the accounting profit or loss as follows:

(Loss)/profit for the year
Prima facie tax benefit at 27.5%
Non-deductible items
Other
Research and development tax offset
Adjustments recognised in the current year in relation to the current tax of prior year
Adjustments recognised in the current year in relation to the deferred tax of prior year

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
(Loss)/profit for the year	(5,271,345)	(5,644,342)
Prima facie tax benefit at 27.5%	(1,449,620)	(1,552,194)
Non-deductible items		
Other	678,179	944,106
Research and development tax offset	(239,304)	(351,302)
Adjustments recognised in the current year in relation to the current tax of prior year	4,852	3,830
Adjustments recognised in the current year in relation to the deferred tax of prior year	-	(103)
<b>Income tax benefit</b>	<b>(1,005,893)</b>	<b>(955,663)</b>

#### 4. Earnings per share

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
Basic earnings per share		
Total basic earnings per share (cents per share)	(3.10)	(3.88)
Diluted earnings per share		
Total diluted earnings per share (cents per share)	(3.03)	(3.67)

##### 4.1 Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per shares are as follows:

Net(loss)/profit for the year attributable to owners of the Company	(4,265,450)	(4,688,679)
Earnings used in the calculation of total basic earnings per share	(4,265,450)	(4,688,679)
Weighted average number of ordinary shares for the purpose of basic earnings per share (all measures)	137,595,734	120,827,110

##### 4.2 Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per shares are as follows:

Net(loss)/profit for the year attributable to owners of the Company	(4,265,450)	(4,688,679)
Earnings used in the calculation of total diluted earnings per share	(4,265,450)	(4,688,679)
Weighted average number of ordinary shares for the purpose of diluted earnings per share (all measures)	140,706,043	127,712,360

#### 5. Cash & cash equivalent

For the purpose of the statement of cash flows, cash and cash equivalent include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash & cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
Cash and bank balances	3,165,125	1,635,872

## 6. Trade and other receivables

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
Trade receivables	1,139,911	890,161
Loss allowance	(90,331)	(76,298)
	<b>1,049,580</b>	<b>813,863</b>

## 7. Other current assets

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
R&D tax incentives	650,612	955,103
Prepayments	410,954	45,597
	<b>1,061,566</b>	<b>1,000,700</b>

## 8. Parent entity investments

Unlisted controlled entity	Date of acquisition	County of incorporation	Class of shares	Cost of	Cost of
				Parent	Parent
				Entity's	Entity's
				Investment	Investment
				30/06/2020	30/06/2019
				\$	\$
MGM Wireless Holdings Pty Ltd	08/10/2003	Australia	Ordinary	767,000	767,000
Message You LLC	11/09/2006	USA	Ordinary	124,440	124,440
MGM Wireless (NZ) Pty Ltd	18/05/2010	Australia	Ordinary	80	80
Spacetalk Pty Ltd	29/06/2015	Australia	Ordinary	1	1
Spacetalkwatch UK Ltd	25/02/2019	United Kingdom	Ordinary	1	1
				<b>891,522</b>	<b>891,522</b>

## 9. Plant, Equipment and Leasehold improvements

	Plant and equipment \$	Leasehold improvements \$	Total \$
<b>Cost</b>			
Balance as at 30 June 2018	354,651	189,217	543,868
Additions	23,299	19,282	42,581
Balance as at 30 June 2019	377,950	208,499	586,449
Additions	36,377	3,480	39,857
Balance as at 30 June 2020	414,327	211,979	626,306
<b>Accumulated depreciation and impairment</b>			
Balance as at 30 June 2018	(267,493)	(101,829)	(369,322)
Depreciation	(18,785)	(10,359)	(29,144)
Balance as at 30 June 2019	(286,278)	(112,188)	(398,466)
Depreciation	(30,113)	(14,996)	(45,109)
Balance as at 30 June 2020	(316,391)	(127,184)	(443,575)
<b>Written down value at 30 June 2019</b>	<b>91,672</b>	<b>96,311</b>	<b>187,983</b>
<b>Written down value at 30 June 2020</b>	<b>97,936</b>	<b>84,795</b>	<b>182,731</b>

**10. Intangible assets**

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
At cost	14,954,301	11,850,248
Accumulated amortisation and impairment	(11,241,297)	(9,063,707)
<b>Carrying value</b>	<b>3,713,004</b>	<b>2,786,541</b>

Cost	Distribution Rights	Capitalised Development Costs	Total
	\$	\$	\$
Balance as at 30 June 2018	441,017	9,218,765	9,659,782
Additions from internal developments	-	2,190,466	2,190,466
Balance as at 30 June 2019	441,017	11,409,231	11,850,248
Additions from internal developments	-	3,104,053	3,104,053
Balance as at 30 June 2020	441,017	14,513,284	14,954,301
<b>Accumulated amortisation and impairment</b>			
Balance as at 30 June 2018	(220,507)	(6,890,630)	(7,111,137)
Amortisation	(44,100)	(1,908,470)	(1,952,570)
Balance as at 30 June 2019	(264,607)	(8,799,100)	(9,063,707)
Amortisation	(44,100)	(2,133,490)	(2,177,590)
Balance as at 30 June 2020	(308,707)	(10,932,590)	(11,241,297)
<b>Carrying value at 30 June 2020</b>	<b>132,310</b>	<b>3,580,694</b>	<b>3,713,004</b>

**11. Leases**

**11.1 Right-of-use**

Cost	Building	Vehicle	Total
	\$	\$	\$
Balance at 1 July 2019	262,904	33,176	296,080
Additions	73,912	-	73,912
Balance at 30 June 2020	336,816	33,176	369,992
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2019	-	-	-
Amortisation	(211,668)	(24,213)	(235,881)
Balance at 30 June 2020	(211,668)	(24,213)	(235,881)
<b>Carrying Value 30 June 2020</b>	<b>125,148</b>	<b>8,963</b>	<b>134,111</b>

## 11.2 Lease liabilities

	Group Year ended 30/06/2020 \$
<b>Maturity analysis</b>	
Less than one year	137,295
	137,295
Less: unearned interest	(1,653)
	135,642
Analysed as:	
Current	135,642
Balance as at 30 June 2020	<b>135,642</b>

## 12. Trade and other payables

	Group Year Ended	
	30/06/2020 \$	30/06/2019 \$
Trade payables	1,598,784	1,205,417
Indirect tax liability	411,723	26,337
Accrued SMS charges	74,334	66,297
	<b>2,084,841</b>	1,298,051

## 13. Share Capital

	Group Year Ended	
	30/6/2020 \$	30/6/2019 \$
<b>13.1 Issued and paid up capital</b>		
Ordinary shares, fully paid	16,124,617	10,806,726

(30 June 2020: 141,750,051, 30 June 2019: 125,145,000)

### 13.2 Fully paid ordinary shares

	Number of shares	Share capital \$
Balance at 30 June 2019	12,514,500	10,806,726
Capital raising	1,617,648	5,500,003
Options exercised	10,000	14,000
Shares issued to contractors	12,000	63,522
Total shares before share split	14,154,148	16,384,251
Shares after share split	141,541,480	16,384,251
Employee rights vesting and resulting share issue	50,000	1,870
Employee rights vesting and resulting share issue	30,000	9,720
Shares issued to Design Consultancy Services	128,571	18,000
Balance at 30 June 2020	<b>141,750,051</b>	<b>16,413,841</b>

### 13. Share Capital (Cont.)

During the year, effective 3 December 2019, the issued capital of the Company was subdivided on a 10:1 basis (share split). Before the share split, the Company issued 10,000 ordinary shares under the share option plan (2019: 610,000). 1,617,648 shares were issued in the placement and a further 12,000 shares were issued to contractor for corporate services. After the share split, 80,000 shares were issued under the employee retention plan (2019: 57,000) and 128,571 shares issued to contractors as consideration for services provided.

### 14. Reserves

	Group Year Ended	
	30/06/2020	30/06/2019
	\$	\$
Option issue reserve	6,216,746	3,756,515
Foreign currency translation reserve	(31,029)	(26,544)
	<b>6,185,717</b>	<b>3,729,971</b>

	Option issue reserve	Foreign currency translation reserve
	\$	\$
Balance as at 30 June 2018	764,521	(29,009)
Options issued	3,327,939	-
Options exercised	(335,945)	-
Currency translation differences	-	2,465
Balance as at 30 June 2019	<b>3,756,515</b>	<b>(26,544)</b>
Options issued	2,460,231	-
Options exercised	-	-
Currency translation differences	-	(4,485)
Balance as at 30 June 2020	<b>6,216,746</b>	<b>(31,029)</b>

#### Nature and purpose of reserve

The option issue reserve is used to accumulate amounts received on the issue of options and records items recognised as expense on valuation of incentive based share options.

The foreign currency translation reserve is used to record exchange rate difference arising from the translation of the financial statements of foreign subsidiaries and is recognised directly in the Statement of Profit or Loss and Other Comprehensive Income before accumulation in this reserve.



**15. Subsequent Events**

On 16 July 2020, 23,256,425 ordinary shares were issued under a share purchase plan. The shares were offered at an issue price of \$0.1075 per share raising \$2,500,065 before costs. There has not been any other matter or circumstances that have arisen since 30 June 2020, which has significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.



Signed: Mark Fortunatow  
Director