



ASX Announcement

MGM Wireless Limited (ASX:MWR)

29 November 2019

UPDATED AGREEMENT WITH SKY

Highlights:

- Sky granted UK Telco exclusivity until 30 September 2020
- Sky commits to spend £1 million on marketing to boost UK SPACETALK sales
- Sky to sell SPACETALK from 100 Sky bricks and mortar retail stands in leading UK shopping centres
- Co-branded SPACETALK being prepared for launch to other UK bricks and mortar retailers
- MGM to earn £15¹ commission when Sky MOBILE SIM cards are activated on SPACETALKs sold through other retailers and SPACETALK's UK website
- UK TV and direct mail campaign begins 2 December, 2019

29 November 2019 – Technology company **MGM Wireless Limited (ASX:MWR)** ('MGM' or 'the Company') today announced that it has updated the terms of its agreement with Sky, Europe's leading media, entertainment and telecommunications company, granting Sky exclusivity as a UK telco in exchange for commitments from Sky on marketing spend and commission payments.

Sky will launch a £1 million UK promotion campaign for the SPACETALK all-in-one smartphone, watch and GPS device on 2 December, 2019, with £600,000 to be spent before March 2020.

¹ Excludes VAT



Sky is fully funding television commercials, electronic and direct mail, public relations and social media that will generate more than 12 million viewer impressions over 12 months with heavy promotion during the Christmas period.

The campaign will focus on families with young children among Sky's 23 million subscriber base. Sky is selling SPACETALK on a £10 per month plan for 36 months, which includes the SPACETALK watch, mobile, services and AllMyTribe app. The Company receives full payment and recognises 100% of revenue when the device is sold to Sky.

A new UK exclusivity agreement recognises Sky's marketing investment in SPACETALK and adds bonus commissions for the Company. Every SPACETALK sold in non-SKY bricks and mortar channels, including the Company's SPACETALK UK website, will be co-branded and include instructions how to obtain and activate a Sky Mobile SIM card. For all non-Sky direct sales where the customer activates a Sky Mobile SIM card that stays active for three months, the Company will be paid a £15² commission. As a special offer using Sky Mobile, customers will receive the AllMyTribe app subscription-free for the first 12 months. If the customer chooses activate any other mobile operators SIM, the standard £3.99³ per month subscription for up to two connected devices applies.

Sky has cobranding rights to market SPACETALK, with an example shown below:

² Excludes VAT

³ Includes VAT



The Company has sold approximately 2,100 SPACETALK units in six months, exceeding initial sales in Australia for the same period by 70%. While forecasting remains difficult with the UK Christmas retail period unofficially starting on Black Friday, November 29, and the promotional campaign yet to begin, the exclusivity agreement includes a minimum sales target of 15,000 SPACETALK units by 30 June 2020 and 25,000 SPACETALK units between 6 August 2019 and 30 September 2020.

MGM Wireless CEO Mark Fortunatow said: “Sky’s £1 million campaign will drive a high level of brand awareness for SPACETALK during the most important shopping days over Christmas. This is exciting as UK sales to date have been much stronger than our first sales in Australia, validating our decision to sell SPACETALK in the UK.

“We are in advanced negotiations with UK retailers and expect to announce our first non-Sky retail store agreement in the near future. Retailers understand the sales potential of wearable products and many local reviews have been very positive about the advantages SPACETALK provides. Meanwhile, we have not had to contribute to UK advertising, a significant saving, and we benefit from Sky’s tremendous media buying power as it’s already a large player in the UK advertising market. With advertising building consumer demand, we anticipate strong Christmas sales.”

Sky’s promotional campaign begins with electronic direct mail to 0.5 million Sky subscribers with children aged 5-12 years old on 2 December, 2019, followed by direct mail to 1 million subscribers from 3 December, 2019. The TV commercial campaign kicks off 6 December 2019 and runs through to Boxing Day.



The smartwatch market is one of the world's fast growing markets, with smartwatch sales forecast to increase from US\$17 billion in 2019 to US\$27 billion in 2022⁴. This includes the kid's smartwatches category where SPACETALK is the clear market leader, with industry-leading security, ease of use and simplicity to set up.

SPACETALK will continue to be sold directly through the www.spacetalkwatch.co.uk website which will expand its range to offer Sky co-branded products and Sky Mobile SIM cards.

About MGM Wireless

MGM Wireless Limited is a technology company designing, developing and commercialising a smartphone + watch wearables device 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

⁴ Gartner.com, Gartner Says Global End-User Spending on Wearable Devices to Total \$52 Billion in 2020.



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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