



MGM WIRELESS  
(ASX:MWR)



Annual General Meeting  
and Trading Update  
29 November 2019



# Highlights



SPACETALK  
Simply Safer Phones for Kids

Good afternoon and thank you for attending today's Annual General Meeting

We have had a very successful 12 months

Retail distribution  
**tripled**

**UK  
launch**

YTD\* revenue up more than  
**60%**

**\$4.3m**  
marketing campaign under way with high-profile advertising



\*Year to date is 1 July to 22 November 2019 ('YTD')

# Wearables – new, fast-growing market



SPACETALK  
Simply Safer Phones for Kids

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

Global 'spending on wearables forecast to be \$52B in 2020'

**Gartner**  
Gartner Research

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

Smartwatch sales forecast to grow from \$17.0B in 2019 to \$27.4B in 2021



# SPACETALK distribution tripled



SPACETALK  
Simply Safer Phones for Kids

**Australia**  
**588 stores**

JB Hi-Fi  
Officeworks (NEW)  
The Good Guys (NEW)

**New Zealand**  
**189 stores**

SPARK  
Noel Leeming (NEW)  
Harvey Norman (NEW)  
JB Hi-Fi (NEW)

**SPACETALK**  
**e-commerce**  
**store**

**UK**  
**Sky Mobile**



**777 stores**

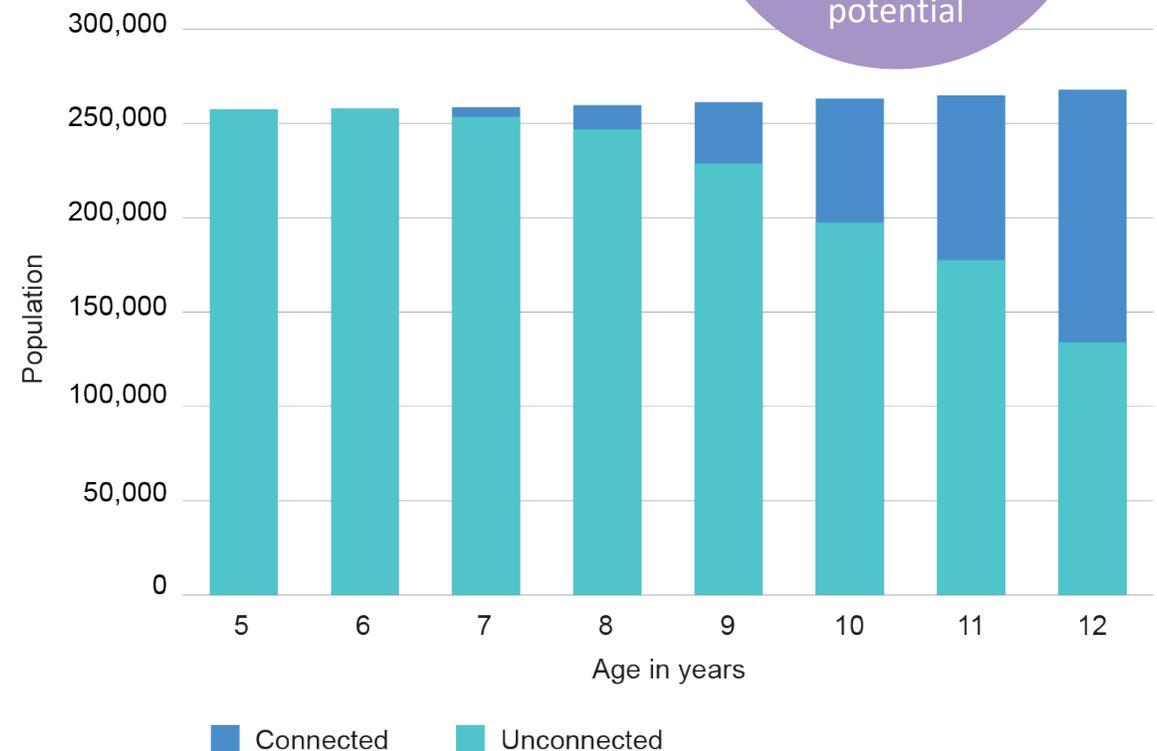
in Australia &  
New Zealand alone

## Australia

- SPACETALK market-leading, very high quality and easy to use product with comprehensive customer service
- Driving new sales to large new market sector, children 5-12 years old
- **Provides mobile network operators an opportunity to responsibly acquire new customers at an early age**
- Also opportunity for mobile network operator to acquire customer at lower cost
- Customer acquisition cost (CAC) for mobile network operator ~\$90. The CAC of a SPACETALK customer to a telco is much lower.
- When customer upgrades to a smart phone, they are likely to continue with the same mobile network

Total population aged 5-12

**2,090,459**



# SPACETALK's high value for Mobile Network Operators



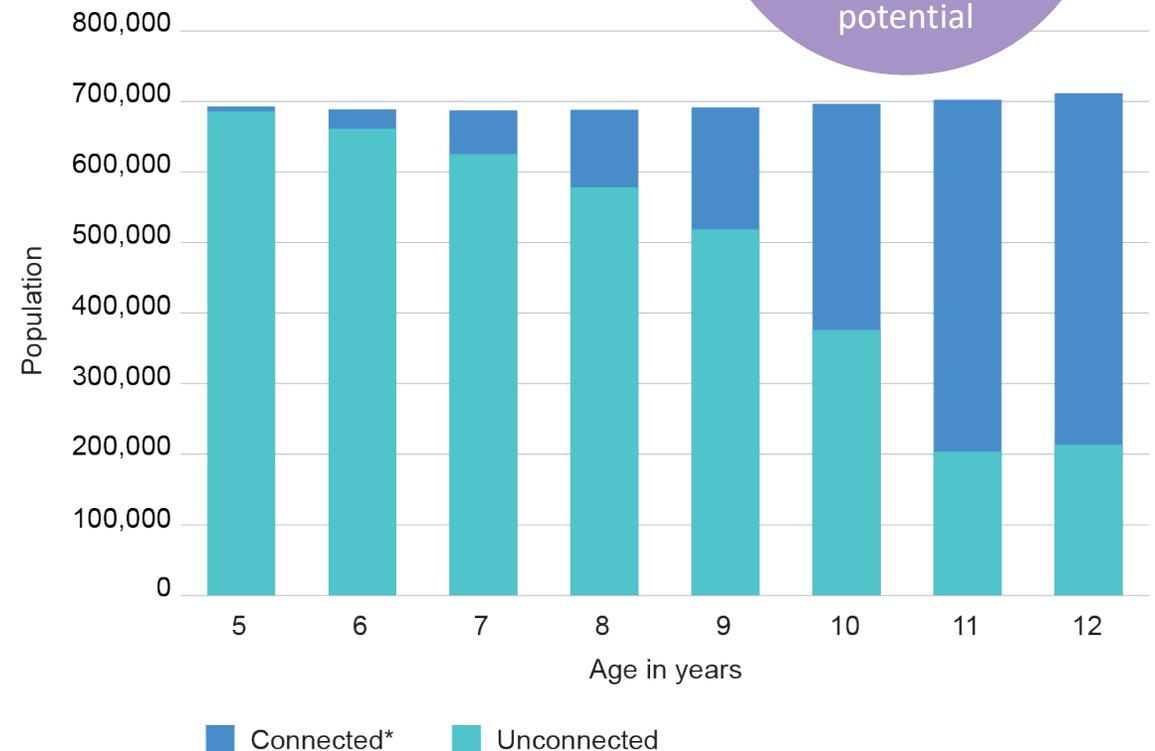
SPACETALK  
Simply Safer Phones for Kids

## UK

- Average cost of acquisition generally four times average revenue per user (ARPU)
- Contract lengths of 24 months or less allow relatively little time for a telco to generate a positive margin
- Rising subscriber acquisition costs and churn
- Telcos have one of the highest industry customer acquisition costs (about £315)
- SPACETALK offers telcos the ability to secure a “sticky” customer at a younger age at less cost. This is valuable offering for which telcos will remunerate us.

Total population aged 5-12

**5,558,975**



\*Ofcom November 2017

# Watershed UK growth opportunity



SPACETALK  
Simply Safer Phones for Kids

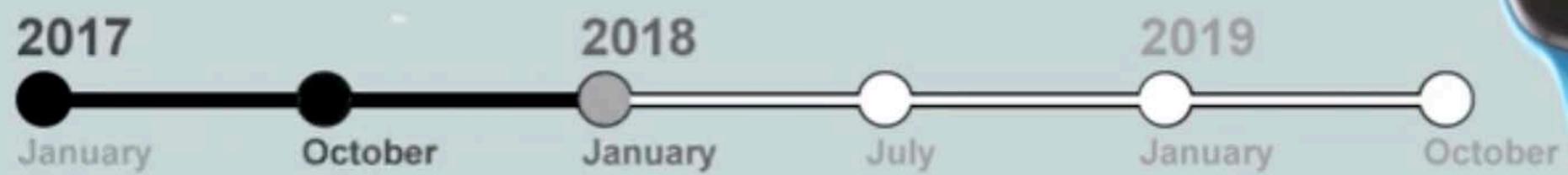


- **Aug-19 agreement with Sky Mobile**, part of Sky UK which has 23 million subscribers and is owned by Comcast
  - Sky selling SPACETALK on a £10 per month, 36-month plan
  - MGM receives full wholesale payment and recognises 100% of revenue when SPACETALK is sold to Sky
- **Nov-19 updated agreement:** Sky granted telco exclusivity subject to minimum sales of 25,000 by September 2020. In addition:
  - MGM to be paid £15.00 for each Sky SIM activated sold through a non-Sky bricks and mortar retailer
  - £1 million on advertising before September 20, 2020 (£600,000 by March 2020)
  - Sky to sell SPACETALK from 100 Sky retail stands
- Advanced negotiations with UK retailers which will co-brand with Sky and SPACETALK
- **This new revenue model paves the way for deals with other Telcos**

# SPACETALK

User growth in the first 2 years

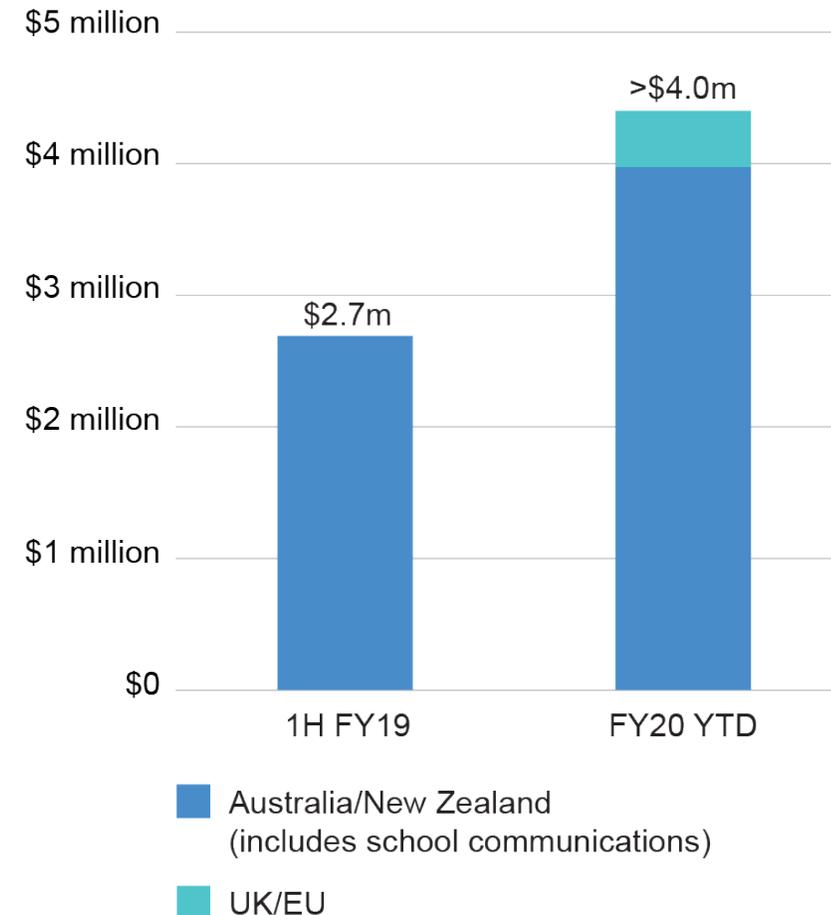
● = SPACETALK users



- Revenue YTD\* above \$4.0 million exceeds last year's entire first half, with Christmas still to come
- UK post-launch sales (\$425,000 YTD) more than double the first six months if sales post-launch in Australia
- Marketing in UK has been limited to moderate PR, social media and word of mouth. Major TV and promotional campaigns begin 2 December (more info below)
- Sky very optimistic about sales ramp up over Christmas period
- Withdrawn from QVC agreement

\*Year to date is 1 July to 22 November 2019 ('YTD')

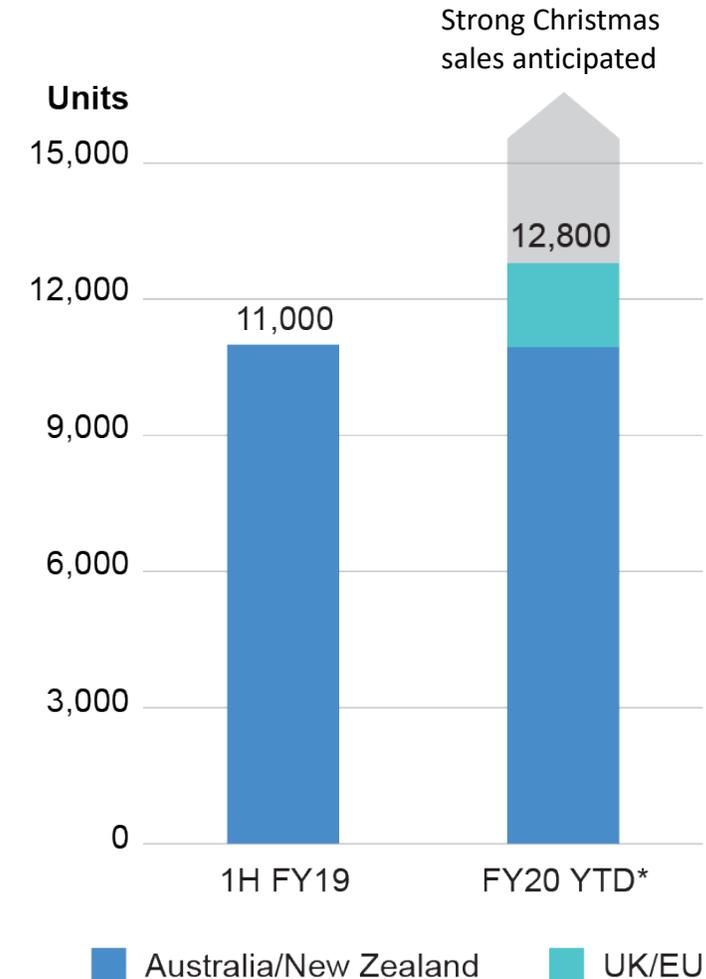
Revenue FY20 YTD



- Sales of 12,800 SPACETALK units YTD\* already exceeds 11,000 for 1H FY19
- Over 10,000 SPACETALK units sold in Australia and New Zealand YTD
- Sales through SPACETALK website lower, as marketing promotes purchase at retail stores
- About 2100 units sold in UK YTD; aggressive Sky advertising campaign begins on 2 December 2019
- Withdrawn from QVC agreement

\*Year to date is 1 July to 22 November 2019 ('YTD')

## SPACETALK sales



# Growing recurring revenue

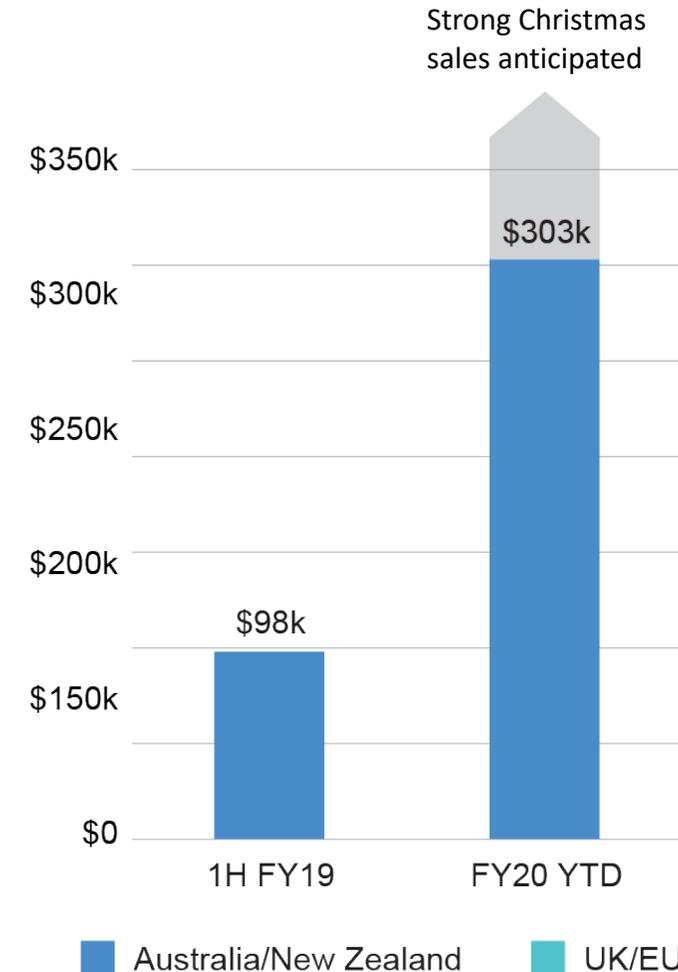


SPACETALK  
Simply Safer Phones for Kids

- AllMyTribe App - allows parents to control who kids can call and send message to
- Enables SMS messaging, safe zones and alerts, SOS alerts and GPS tracking
- Consistently growing, recurring software services revenue
- App subscriptions now generating \$82,000 per month; compares to total app fees of \$98,000 for 1H FY19

\*Year to date is 1 July to 22 November 2019 ('YTD')

## All My Tribe App sales



**\$4.3m**

Overall marketing program underway  
November 2019 –  
March 2020

**\$1.9m**

To be funded by MGM  
with additional  
funding by  
partners

## Australia and New Zealand

- Officeworks TV campaign already started
- Australian and New Zealand stores stocked with SPACETALK including JB Hi-Fi, Officeworks and The Good Guys
- New Zealand advertising and PR campaigns



## UK – £1 million marketing campaign

- Begins 2 December, 2019
- Fully funded by Sky as part of exclusivity agreement
- Includes high-impact TV commercials, electronic and direct mail, public relations, social media and co-branded product promotion



3G Phone (2-way)  
SMS Messaging  
3G Nano SIM  
Location on Demand  
School Mode  
Safe Places  
SOC Alerts  
Safe Contact List  
High Security  
Step Counter  
Reminder Alarms  
Weather  
Up to 24 hrs\*  
Splash Proof  
Reward Stars

SPACETALK® is a safe and secure all-in-one smartwatch, phone and GPS device for kids aged 5-12

sky

Mum incoming call  
SPACETALK

POWERED BY  
SPACETALK  
Simply Safer Phones for Kids

POWERED BY  
ALL MY TRIBE  
Parents are in control with the AllMyTribe app

sky

Requires a nano SIM card with credit, 3G and data, and an AllMyTribe in-app subscription. \*Based on testing in well-served areas. Actual coverage and availability.

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



**Aged care**  
(possible FY20 launch)



**People with disabilities**



**Field Workers**



## Australian school communications solutions since 2002

- Stable, profitable, subscription business
- Continues to perform steadily
- New products to be introduced in second half, expected to restart growth



# Summary



SPACETALK  
Simply Safer Phones for Kids

- Building a new category for children's wearables
- YTD revenues up 60% on same time in FY19; already a first half record
- Sales of SPACETALK on dynamic growth trajectory
- Quantified value of SPACETALK model increasing leverage
- Total \$4.3 million SPACETALK advertising and promotion campaign underway
- £1 million UK Christmas marketing campaign begins next week
- In advanced negotiations with leading Australian and overseas telcos

Sales of SPACETALK expected to grow

**4x to 90,000**

in FY20

Opportunity to capitalise on emerging new product category

Australia and New Zealand distribution increased to **777 stores**





# Appendix

# Market - leading data security



SPACETALK  
Simply Softer Phones for Kids

## 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

## Simply Safer Phones for Kids



SPACETALK  
Simply Safer Phones for Kids



3G Phone  
(2-way)



SMS  
Messaging



Safe  
Contact List



Location on  
Demand



# Key features



SPACETALK  
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	✓ <small>(supplier number E6254)</small>	✗
Kids' data stored in	Australia/UK	Overseas <small>(typically China)</small>
Data secure and stored in	Australia/UK	✗
Data protected by Australian privacy and security laws and EDPR	✓	✗
Apps developed in	Australia	Overseas <small>(typically China)</small>
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.

# Appendix - Leadership team



SPACETALK  
Simply Safer Phones for Kids



**Mark Fortunatow**  
Chief Executive Officer  
BSc (MaSc) BEc



**Jarred Puro**  
Director of Finance and  
Corporate Services



**Paul Cooper**  
General Manager Wearables  
Formerly Microsoft, Nokia



**Nathan De Rozario**  
SPACETALK Director of  
Marketing & Sales  
Formerly Samsung



**Megan Coleman**  
Marketing and E-  
Commerce Sales  
Manager – AU,UK & NZ



**Amanda Lee**  
Account Manager, Wearable  
Formerly Microsoft, JB Hi-Fi,  
Blackberry and Motorola



**Andrew Cockburn**  
General Manager  
Education  
Formerly News Corp



**Tim Eckermann**  
HR Consultant  
Formerly World Bank  
Group HR BP



**Leila Henderson**  
Non-executive Director  
Fellow of Entrepreneurship  
Flinders University



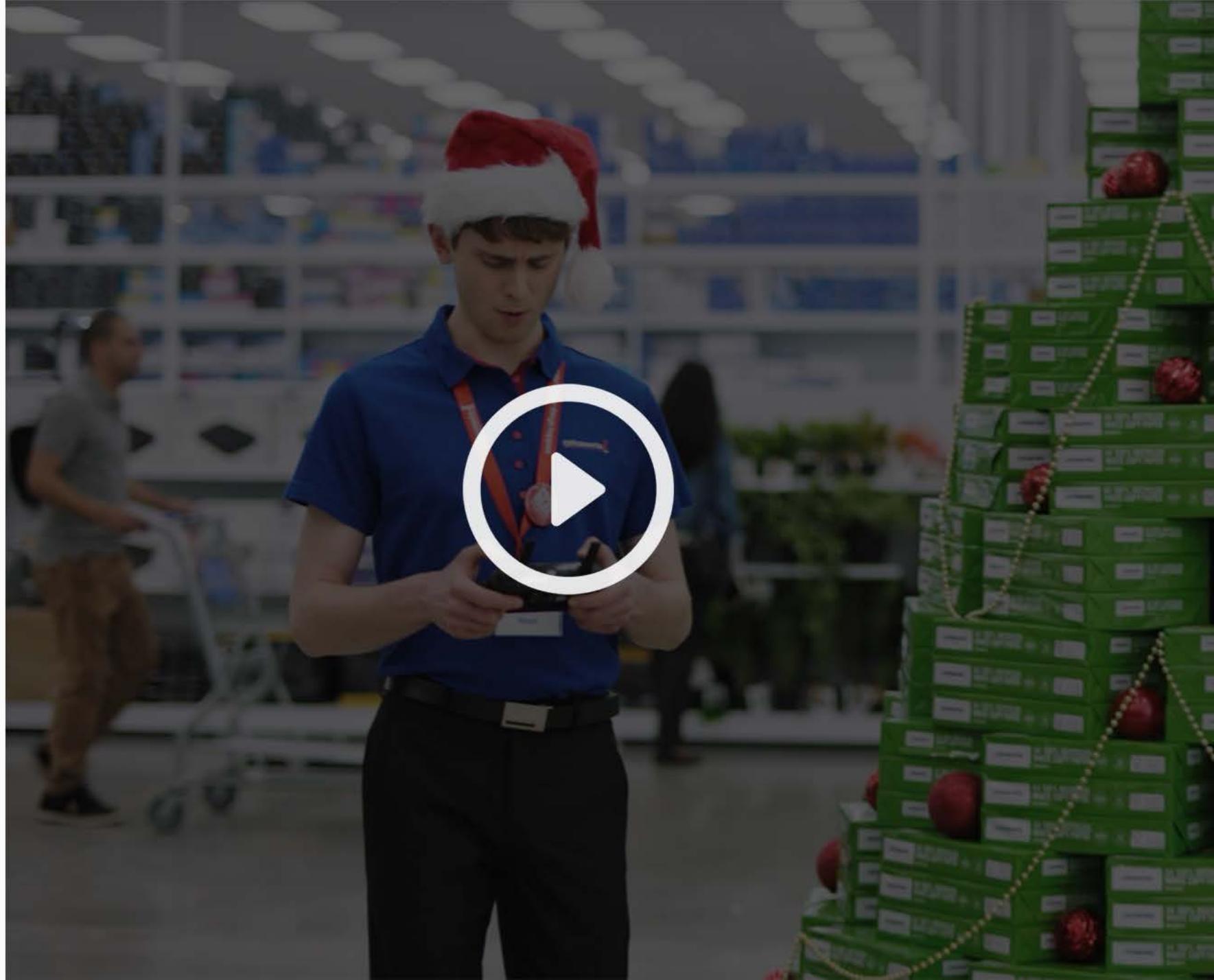
**Glen Butler**  
Non-executive Director  
Founder Visy  
BSc

# Officeworks Christmas TVC

All Networks  
From 14/11/19



SPACETALK



# SKY Mobile (UK) TVC

SKY TV  
From 06/12/19

sky mobile

SPACETALK



# SPACETALK TVC

(w/ retail callout)

Channel 7  
From 01/12/19

SPACETALK

