

ASX Announcement  
MGM Wireless Limited (ASX:MWR)  
20 August 2020

## FY 2020 FULL YEAR RESULTS (Unaudited)

### FY2020 Highlights

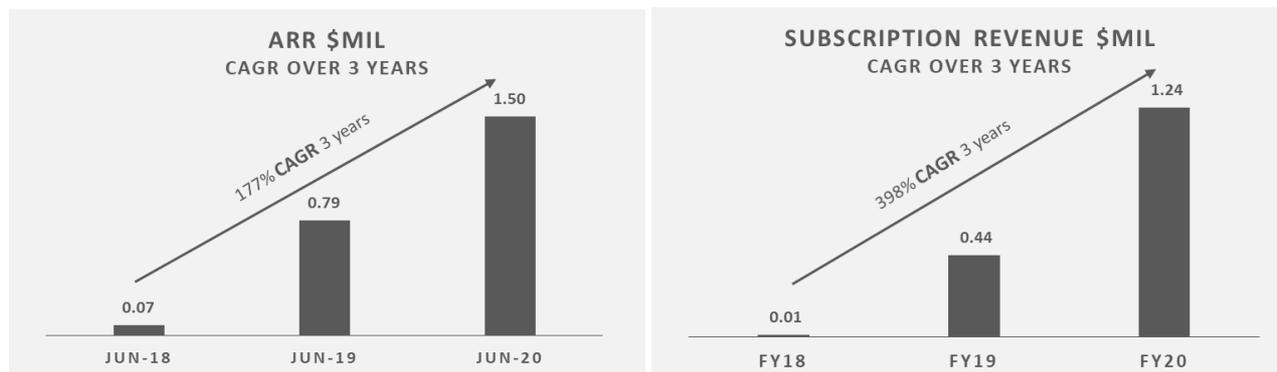
- Total Revenue grew 47% pcp to \$10.5m
- SPACETALK Device Revenue grew 53% pcp to \$6.4m
- AllMyTribe App Annualised Recurring Revenue (ARR) grew 89% pcp to \$1.5m
- AllMyTribe App Revenue grew 180% pcp to \$1.2m
- MGM School Communication Revenue grew 25% pcp to \$2.7m
- Total SPACETALK business EBITDA 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)

Leading Australian software technology company **MGM Wireless Limited (ASX:MWR)** (“MGM” or “the Company”) is pleased to announce FY 2020 Full Year Results on an unaudited basis.

**CEO and co-founder, Mark Fortunatow, commented:** “MGM Wireless closed FY20 with growth in all revenue lines resulting in total revenue growth of 47% pcp to \$10.5m. In March 2020, due to COVID-19 related shutdowns, a decrease in SPACETALK device sales was experienced, and as restrictions were eased, by June a sharp improvement to pre COVID-19 January levels was achieved. Our monthly subscription based AllMyTribe App performed strongly throughout FY2020, growing ARR by 89% pcp to \$1.5m, with 3-year CAGR 398%. The MGM SaaS School Communication business grew 25% pcp to \$2.7m.

### SPACETALK Device Sales

FY2020 SPACETALK device revenue grew by 53% pcp to \$6.4m. Retail store shutdowns and other COVID-19 related effects in March impacted device sales, and as restrictions were eased sales bounced back. By June weekly sales were at pre COVID-19 levels. UK device sales were particularly affected by COVID-19, but in July as UK restrictions were eased, sales commenced rebounding.



### AllMyTribе App

The AllMyTribе App ARR grew by 89% pcp to \$1.5m and ranks as the highest gross app (Navigation Category) in Australia with a 4.1-star User satisfaction rating<sup>1</sup>. The net<sup>2</sup> number of user family members connected on the AllMyTribе App reached 195,000, and over 33 million GPS location updates were provided during FY2020.

### MGM Wireless School Communication Business

Second half 2020 revenue was up 95% pcp to \$1.5m, primarily due to the effects of the new WA Education Department contract awarded in February, and an increase in school use of MGM’s SMS messaging solutions for summer bushfires and COVID-19. FY2020 revenue was up 25% pcp to \$2.7m. This Enterprise SaaS business operates on a strong gross profit margin, with client annual software license subscriptions typically on a 3 year term.

### EBITDA

FY2020 EBITDA improved from -\$0.27m to -\$0.21m, as the Company continued to invest and strengthen the business for future growth. Cost of Customer Acquisition operations as a percentage of revenue improved by 11% with marketing and advertising costs of 17% (compared to 28% of sales pcp). EBITDA also benefited from the recurring revenue and strong margins generated from the AllMyTribе App and MGM School Communication Business.

Excluding \$2.2m in corporate overhead costs, EBITDA was \$2m, with SPACETALK (Device and AllMyTribе App) EBITDA \$0.1m at 1% as a percentage of revenue, and MGM Wireless School Communication Business EBITDA \$1.9m at 69% as a percentage of revenue.

### Cash

The Company ended the year with a strong net cash position of \$3.17m after repayment of the convertible loan notes in April of \$1.75m and excluding \$2.5m proceeds from the SPP, received in early July 2020. The Company is debt free.

<sup>1</sup> San Francisco based market research company App Annie <https://www.appannie.com/en/>

<sup>2</sup> Total registered family users less cancelled App subscriptions

**CEO and co-founder, Mark Fortunatow, commented:** "We are now focused on continuing the expansion of SPACETALK distribution, the roll-out of our new SPACETALK Life device for seniors, launch of our new SPACETALK Kids 2 device and further enhancement of our subscription app.

Vodafone commenced sales of SPACETALK this week, and we are in ongoing conversations with further potential retail distribution partners. We commenced shipping SPACETALK Life in July, which is receiving very positive customer feedback and attracting strong interest.

We are well positioned to continue our growth in the current financial year, with key areas of focus set out below."

#### **Other 2HY2020 notable Company developments:**

- June 2020 - Entered into a new sales agreement with leading mobile network operator, Vodafone Hutchison Australia to sell the SPACETALK children's mobile phone smartwatch in Vodafone retail stores. SPACETALK and Vodafone mobile network services will be bundled from \$18.30 per month on a 3 year plan. Sales commenced August 17, 2020.
- June 2020 – Launched SPACETALK Life, a wearable smartphone, watch and GPS device for the senior's market. The 4G, IP67 waterproof device is a significant Company advancement and opportunity for MGM and the Company's shareholders, as it provides access to a large, new, rapidly growing market which is also complementary to our successful SPACETALK children's smartwatch business. Customer shipments began in July 2020, and feedback from users and market interest is very positive.
- July 2020 - Successfully completed a capital raising to existing shareholders only, via a SPP at an issue price of \$0.1075 per share. The SPP was 360% oversubscribed, with \$5.5m in subscriptions received. The offer size was increased from \$1.5m to \$2.5m.
- May 2020 - Announced 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 of the Board.
- April 2020 – Early redemption from existing cash resources of all convertible notes on issue having a face value of \$1.75m.
- March 2020 – Announced a new retail agreement with online retailer Kogan.com, to sell SPACETALK on the Kogan and Dick Smith websites across Australia and New Zealand.
- February 2020 – Announced the award of a major \$1.3m contract from the Western Australia Department of Education to supply MGM Student Absence Notification Messaging Software and Services to all WA Government schools.

## Executive Appointment

In August, the Company strengthened its Executive Management Team with the appointment of Joe McArdle, former head of Online Sales and Marketing - Amazon Devices to the role of Head of Marketing and eCommerce.

## H1 2020/21 Focus

Having paid out the convertible notes, completed the SPP and strengthened our Executive team and Board our focus is on operations including:

- Increased sales through all our existing channels of 902 retail stores and ecommerce sites
- Grow our new sales channel with Vodafone
- Expand our distribution in UK and Europe
- Grow sales of our Seniors SPACETALK Life device, at a time when independent living is potentially more attractive than Aged Care facilities
- Launch our new SPACETALK device for Kids
- Maintain our MGM School Communication platform to assist our schools with COVID, student absences and other updates to parents and students

## New Investor Social Media Page

SPACETALK Investors are invited to follow a [Twitter Page](#) and a [LinkedIn Group](#) created to provide regular updates and investor related information. We encourage all investors to follow, join and ask questions on these forums.

This announcement has been authorized by the Board of MGM Wireless Limited.

For more information, please contact:

### **Investor & Media Enquiries**

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## About MGM Wireless

MGM Wireless Limited is a software Company that designs and develops breakthrough technology and wearable devices that enrich connections between families, schools and society.



The Company is recognised as a global leader and pioneer in socially responsible technology for schools and families. Everything we do is built on our unshakeable desire for families to feel safe and secure so that they can live with freedom, independence and joy.

In 2017 the Company shifted to wearables, developing the market leading SPACETALK children's smartphone watch which is now the significant share of the overall business.

The Company has 165m shares on issue. CEO and co-founder, Mark Fortunatow is a major shareholder, having an interest of 10%.

### **About SPACETALK**

SPACETALK is a mobile phone built into a smartwatch designed just for kids from the age of 5 to 12. SPACETALK allows two-way phone calls and SMS messaging for children to a parent-controlled list of contacts and GPS tracking alerts parents whenever children leave designated safe spaces, such as school or the home.

SPACETALK doesn't give children access to social media, apps, open internet or other such services that can be dangerous to young children. The subscription based 'AllMyTribe' mobile app enables parents to manage SPACETALK devices.

### **About SPACETALK Life**

SPACETALK Life is a stylish, stand-alone mobile phone built into a smartwatch for seniors. SPACETALK Life keeps wearers safe, independent, and connected with their loved ones, using SOS alerts, two-way phone calls, SMS messaging and GPS location services and other advanced safety services.

Wearers' independence and dignity is never compromised, as they are in complete control and able to decide who sees their location. The AllMyTribe App enables families to directly care for their ageing seniors.

### **About MGM's School Communication Business**

MGM created the world's first SMS based Automated Student Absence Notification Solution for schools and is recognised as a global leader in socially responsible and technology-enabled school communication. Over 1,200 schools and 1.7 million parents use MGM Wireless products including 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'.

To learn more please visit: [www.mgmwireless.com](http://www.mgmwireless.com)