

Annual General Meeting and Trading Update

29 November 2019

Available with Video Download Streaming at:

https://mgmwireless.com/wp-content/uploads/2019/11/MWR-AGM-Presentation-ASX-291119.pdf

Highlights

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

‘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

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



SPACETALK's high value for Mobile Network Operators

Australia

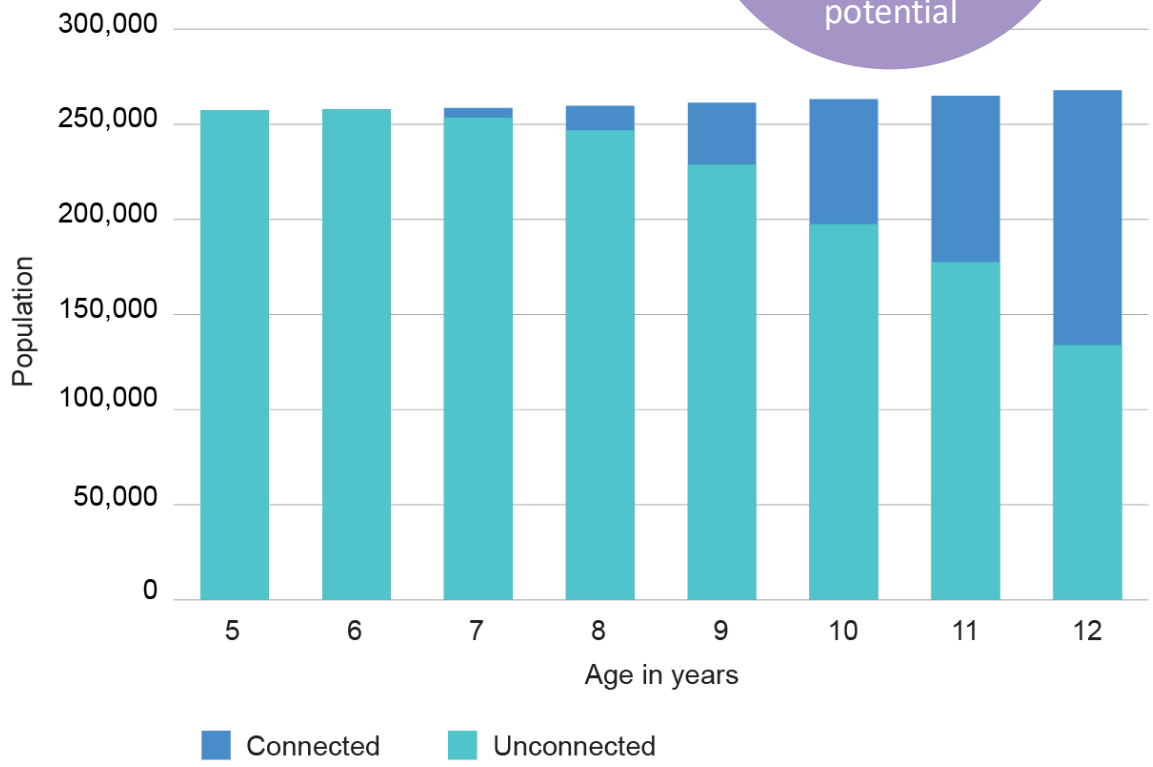
- SPACETALK market-leading, very high quality and easy to use product with comprehensive customer service
- Driving new sales to large new market sector, children 5-12 years old
- **Provides mobile network operators an opportunity to responsibly acquire new customers at an early age**
- Also opportunity 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

*Roy Morgan 2016

Total population aged 5-12

2,090,459

$1.6b
Revenue potential



SPACETALK's high value for Mobile Network Operators

UK

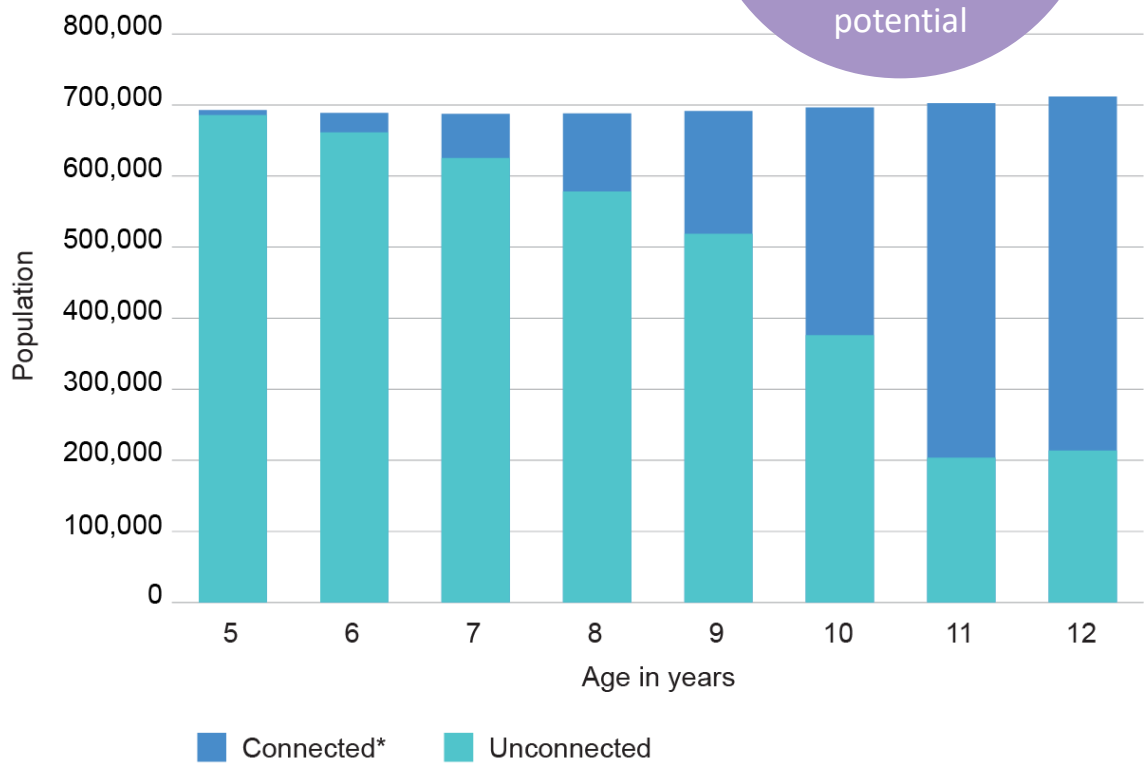
- Average cost of acquisition generally four times average revenue per user (ARPU)
- Contract lengths of 24 months or less allow relatively little time for a telco to generate a positive margin
- Rising subscriber acquisition costs and churn
- Telcos have one of the highest industry customer acquisition 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

£14.5b

Revenue potential



*Ofcom November 2017

Watershed UK growth opportunity



- **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

Indian Ocean

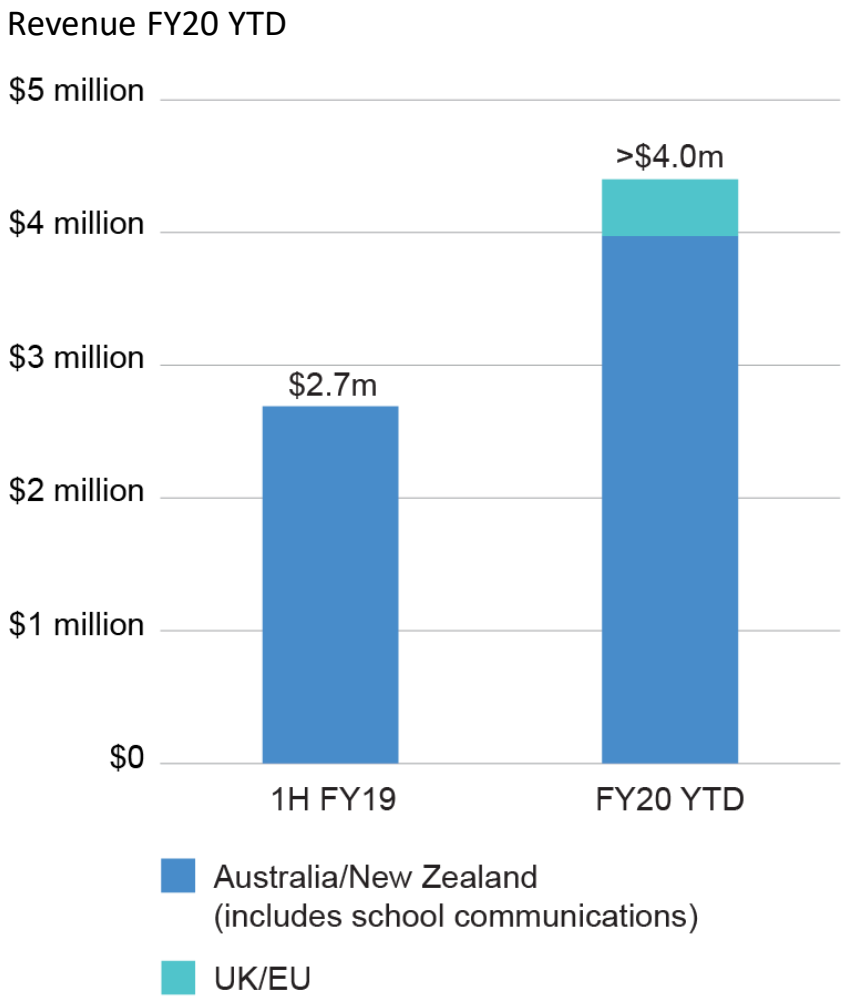


2017 — 2018 — 2019

- **January**
- October
- January
- July
- January
- October

Trading update

- 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 ben 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



Revenue already up more than **60%**

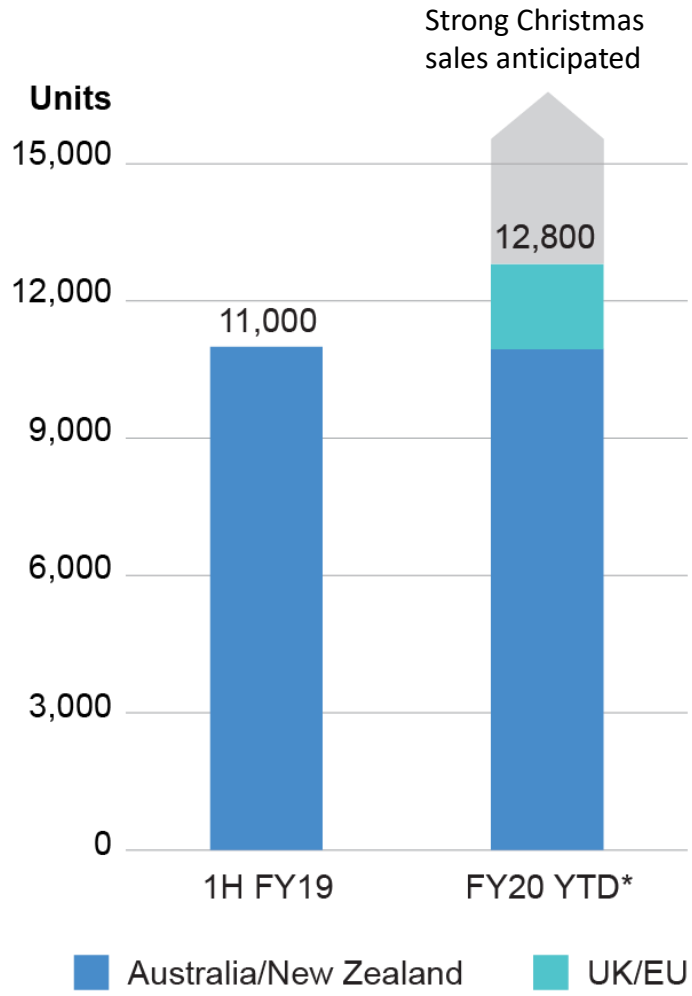
*Year to date is 1 July to 22 November 2019 ('YTD')

SPACETALK unit sales

- 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

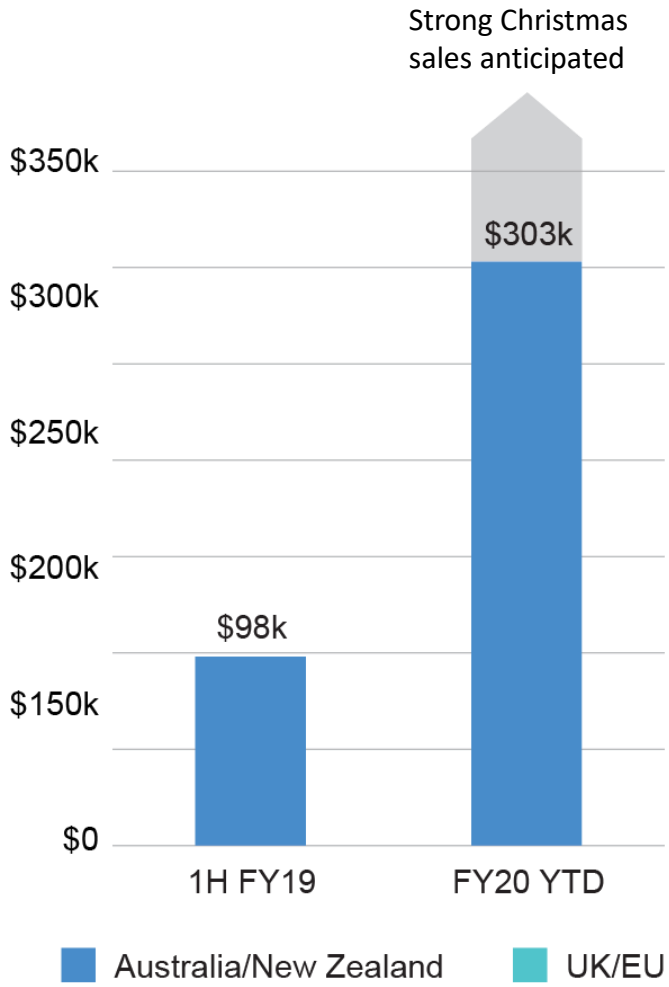


Growing recurring revenue

- 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



Christmas marketing campaigns under way

$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 marketing campaign

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



New product opportunities

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



Aged care
(possible FY20 launch)



People with disabilities



Field Workers



School communications

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

- 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


9:41
Rose
Updated 1 min ago | Battery 28%
Rose
Kurraba Point
Cremorne Point
Kurraba Reserve
Reid Park
Harnett Park
Location
History
Alerts
Steps
Settings

Market - leading data security

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

MGM SPACETALK Simply Safer Phones for Kids

3G Phone (2-way)

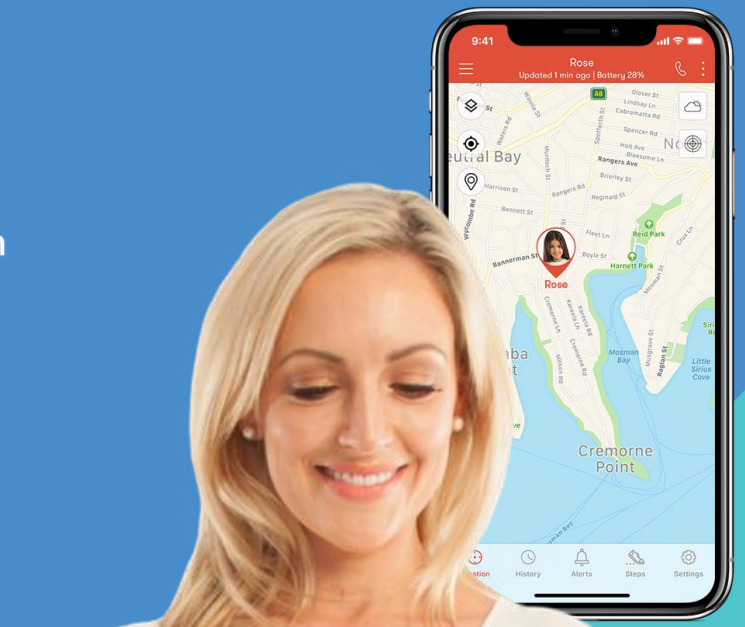
SMS Messaging

Safe Contact List

Location on Demand







Key features

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	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.

Appendix - Leadership team



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

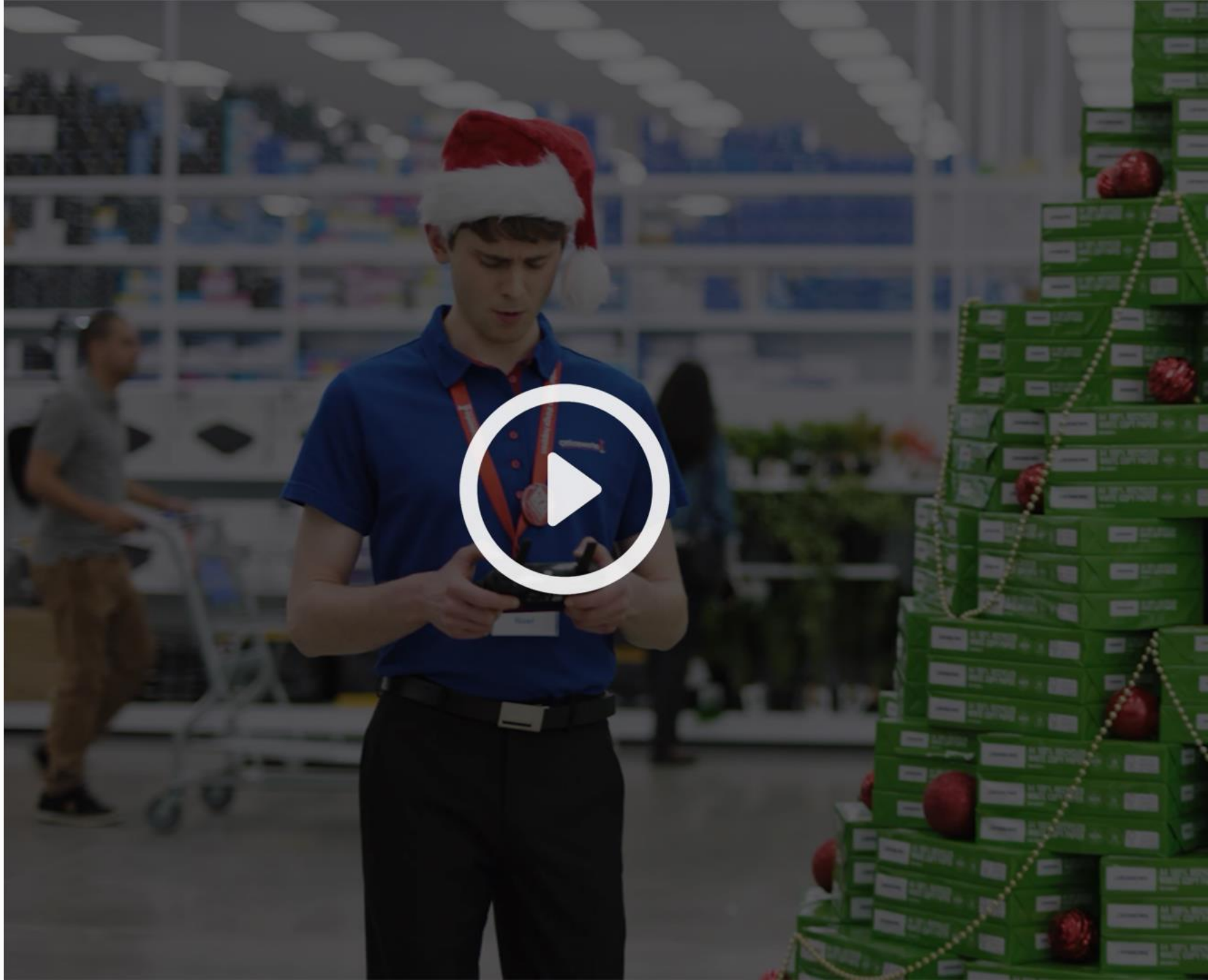
Founder Visy
BSc

Officeworks Christmas TVC

All Networks
From 14/11/19

Officeworks
Big ideas. Lowest prices.

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