

ASX Announcement
1 March 2023

Spacetalk resets for growth

Financial highlights from the half-year ended December 31, 2022:

- **Annualised Recurring Revenue (ARR) of \$7.4m, up 29% year-on-year**
- **Group revenue for the half-year of \$9.3m, down 26% as budget Spacetalk Kids watch phased out**
- **Underlying net loss of \$6.2m**
- **Net operating cash flow of -\$0.96m for the half-year, a significant improvement on PCP of -\$3.6m. Significant improvement in cash flow in 2Q23 (as outlined in the 2Q23 Business Update)**
- **Achievement of cost reductions saving \$2m a year flowing from 3Q23**
- **\$4.2m cash at bank at December 31, 2022**
- **Equity capital raising launched – \$1.15m (before costs) in December with an additional shortfall finalised in February of \$1.23m (before costs)**
- **Debt facility terms renegotiated for lower interest rate, extended term & improved covenants**
- **Global search for CEO launched - culminating in post-balance appointment of former Nearmap CEO Simon Crowther**

Spacetalk Ltd. (ASX:SPA) ("Spacetalk" or "Company"), the Australian company that provides safety and connectivity to families, today announced its results for the half-year ended December 31, 2022. Group financial highlights include Annualised Recurring Revenue (ARR) growth of 29% to \$7.4m and a mid-period turnaround with a cost reduction program initiated identifying \$2m annualised savings starting to flow from Q3, together with working capital management improvements - which led to a sharp improvement in net operating cash generation in the December quarter, reflecting an overall improved net operating cash outflow for the half-year.

Growth in ARR was underpinned by the continuing uplift in user numbers as well as the highly successful launch of JumpySIM. We continue to see strong growth and a growing positive cash impact from our SIM card offering, which is expected to increase the annual revenue per user ("ARPU"), generate negative working capital and provide an opportunity to upsell to existing customers, with potential to roll out in other regions.

Overall group revenue declined as the Company exited a less profitable product line, the Spacetalk Kids budget watch. The budget watch will be replaced with a more profitable alternative anticipated for release late in the FY23 fiscal year.

In addition to the underlying net loss of \$6.2m for the half-year, Spacetalk also took a number of material accounting charges, including a \$3.4m non-cash charge relating to the debt restructure, \$2.4m gain on valuation of derivatives and a \$2.2m impairment of intangible assets. These charges, in conjunction with some other one-off movements, resulted in a reported net loss after tax of \$9.2m for the period.



Commentary

Spacetalk's non-executive Chairman Georg Chmiel commented:

"The Board and executive moved rapidly and decisively during the first half of this financial year to restore the financial strength of the Company and reset its cost structure, working capital management and approach to profitable revenue growth."

"Having completed the first phase of the turnaround mid-period and further enhanced the balance sheet in subsequent months, we are excited to have set the scene for our newly appointed CEO Simon Crowther. Simon's track record at Nearmap is outstanding and we were very pleased to announce his appointment earlier this month after an extensive global search."

"On behalf of the Board, I would also like to thank Saurabh Jain for his fantastic job as interim CEO and recognise the tireless efforts of Geoff Fardell, our Acting Head of Finance."

This announcement has been authorised by the Spacetalk Board.

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About Spacetalk Ltd.

Spacetalk Ltd. (ASX:SPA) is an Australian company that strives to bring the best wearables and software ecosystem to families around the world to advance child safety, development, and wellness.

The ASX-listed company is recognised globally as a leader in the connected wearables industry thanks to its unique proprietary ecosystem that keeps families connected. This market-leading hardware and trusted, parent-controlled software platform enable children and families to experience the benefits of mobile technology securely and with confidence.

With the Spacetalk App, parents can prevent their children's access to the open internet, social media and inappropriate adult content while blocking calls and messages from unknown senders. The app also keeps track of a child's location and is customisable so every feature can be enabled and disabled as needed.

Spacetalk's best-in-class software platform supports children's development by facilitating engaging, confidence-building experiences that the whole family can participate in and enjoy.

The Spacetalk smartphone-watch is a child's first mobile phone, offering all the benefits of a smartphone and operating on a secure, private and parent-controlled ecosystem that can be customised to reflect each family's needs and values. Together, the watches and software platform provide a complete digital communication solution that families can rely on at all times.

Spacetalk was founded in 2001 and listed on the ASX in 2003 as MGM Wireless Limited, which developed the world's first SMS student absence notification platform for schools and went on to become Australia's most successful school messaging company. On 12 November 2020 the Company changed its name to Spacetalk Ltd.

To learn more about the Spacetalk devices and app platform, and the Company, please visit: <https://www.spacetalkwatch.com/>. Investor Centre: <https://investors.spacetalkwatch.com/>.