



1H2022 Results Presentation

Spacetalk Ltd.
(ASX:SPA)

FEBRUARY 2022



CONNECTED FAMILIES • CONFIDENT KIDS • SAFE SENIORS



Important notice

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Information contained in this presentation:

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- should be read in conjunction with Spacetalk’s financial reports and market releases on ASX
- may include forward-looking statements about Spacetalk and the environment in which Spacetalk operates, which are subject to significant uncertainties and contingencies, many of which are outside the control of Spacetalk – as such undue reliance should not be placed on any forward-looking statements as actual results or performance may differ materially from these statements
- includes statements relating to past performance, which should not be regarded as a reliable guide to future performance
- includes certain financial information which Spacetalk considers useful to assist in evaluating Spacetalk’s performance, however, such information has not been subject to audit or review in accordance with Australian Auditing Standards

All dollar values are in Australian dollars (A\$) unless otherwise stated.

Definitions:

- HY = half financial year ended 31 December



Hello

Agenda

- 1 About Spacetalk
- 2 Half year results summary
- 3 Strategy & outlook



1

About Spacetalk



 SPACETALK

About Spacetalk

Who We Are

Spacetalk Ltd. is a global technology provider of secure communication solutions for families to stay connected.

What we deliver

Smartphone watches purpose-built for kids and seniors, with software designed to enhance their independence while enabling guardians to ensure their safety and care.

What we stand for

Connecting families

What sets us apart

Proprietary end-to-end design, engineering and product development, with software built in-house and IP created and owned. Tested, certified and ranged by global tier-1 mobile network operators and mass market retailers, meeting the highest standards of security, privacy and usability.



Spacetalk Today

Devices



SPACETALK
Kids



SPACETALK
Adventurer

SPACETALK
Life

App



SPACETALK
App



English



Danish



Finnish



French



Norwegian

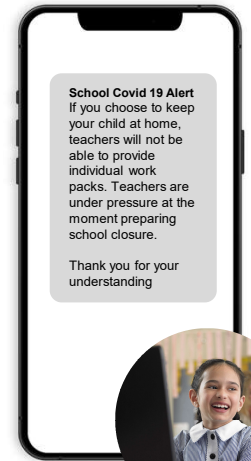


Spanish



Swedish

School Business



MGM Schools

Spacetalk Emerging

New Devices

SPACETALK
Adventurer 2



App Enhancements

SPACETALK
App



Paid Premium Services

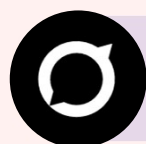
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Half year results summary



HY2022 Financial Highlights

Group: Record performance. Strong wearables sales with flow on to App revenues



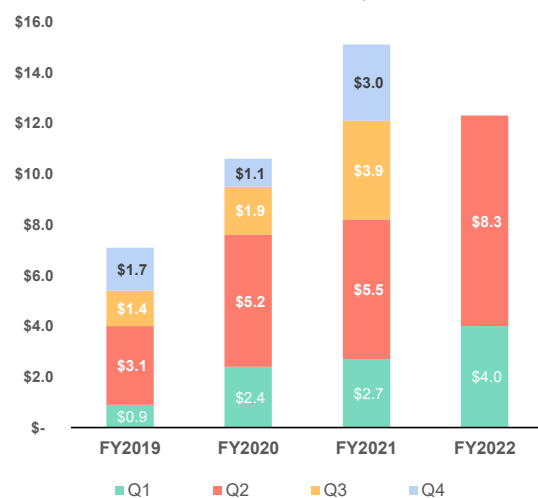
GROUP REVENUE

▲ **\$12.3m**

+50% pcp

HY2021: \$8.3m

GROUP REVENUE BY QUARTER



WEARABLES REVENUE

▲ **\$11.4m**

+58% pcp

HY2021: \$7.2m

SCHOOLS REVENUE

\$1.0m

0% pcp

HY2021: \$1.0m

GROSS PROFIT

▲ **\$6.9m**

+57% pcp

HY2021: \$4.4m

GROSS PROFIT MARGIN

56%

CASH AT BANK AT 31-DEC-21

\$9.7m

EBITDA

\$-0.6m

HY2022 Financial Highlights

Group: Record performance, attributable to strong Device sales + App revenue



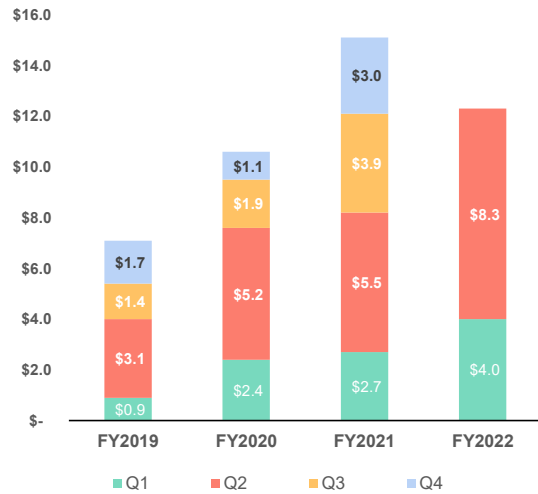
GROUP REVENUE

▲ **\$12.3m**

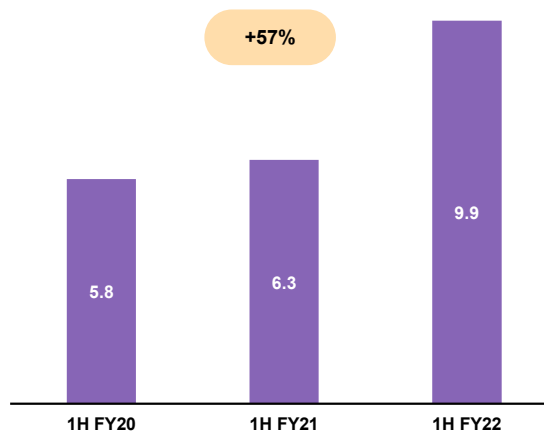
+50% pcp

HY2021: \$8.3m

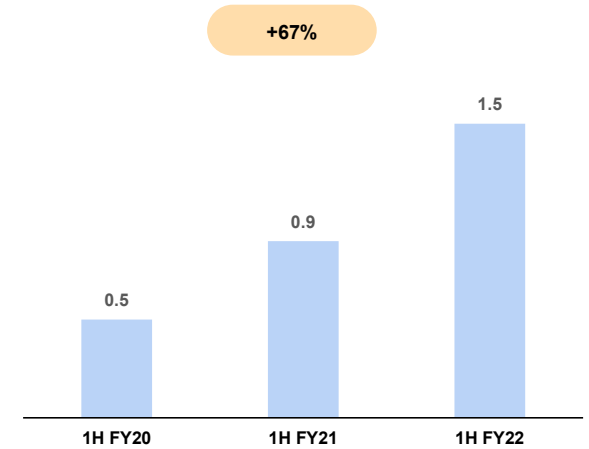
GROUP REVENUE BY QUARTER



TOTAL DEVICE REVENUE



APP REVENUE



HY2022 Wearables Summary

DEVICE SALES

▲ **\$9.9m**

+57% pcp

HY2021: \$6.3m



TOTAL REVENUE

\$11.4m

▲ +58% pcp



APP ARR¹

▲ **\$3.5m**

+52% pcp

HY2021: \$2.3m

APP REVENUE

▲ **\$1.5m**

+67% pcp

HY2021: \$0.9m



Marketing Expenditure

▲ **\$1.0m**

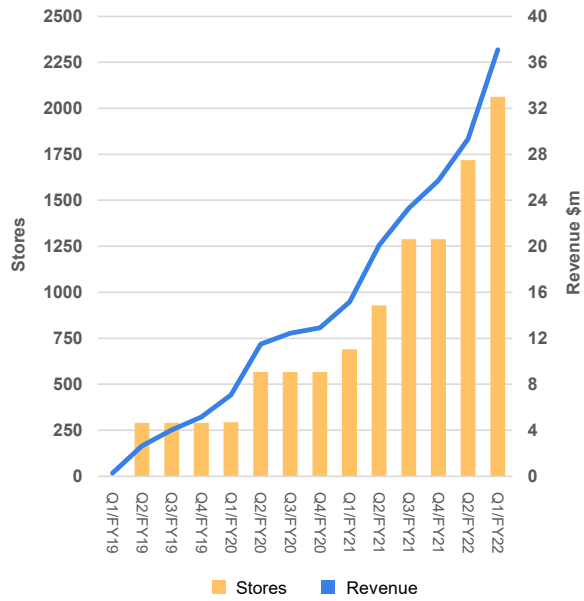
0% pcp

HY2021: \$1.0m

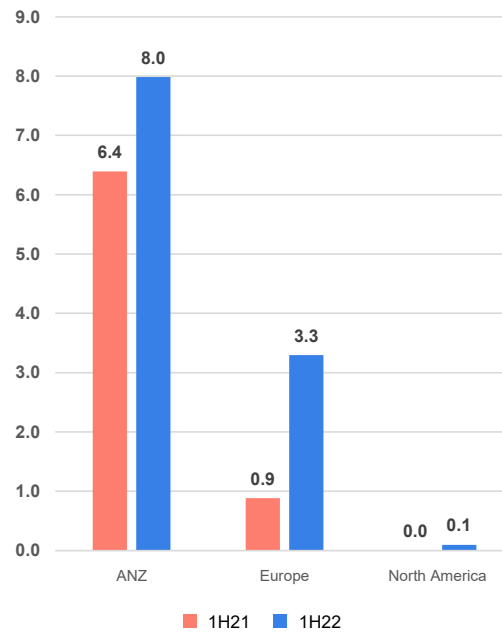


Wearables Business

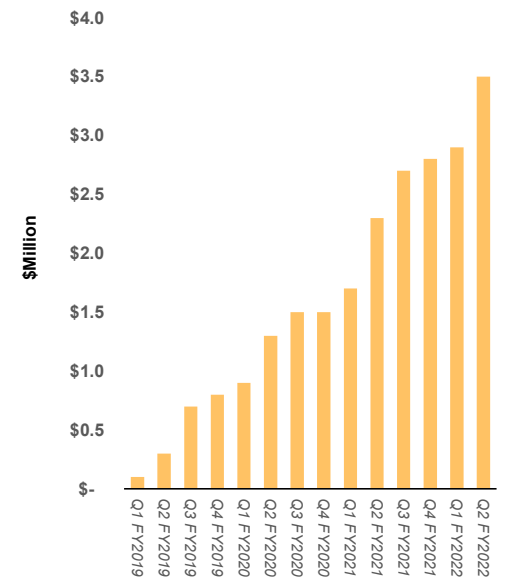
WEARABLES CUMMULATIVE REVENUE / PHYSICAL STORE DISTRIBUTION



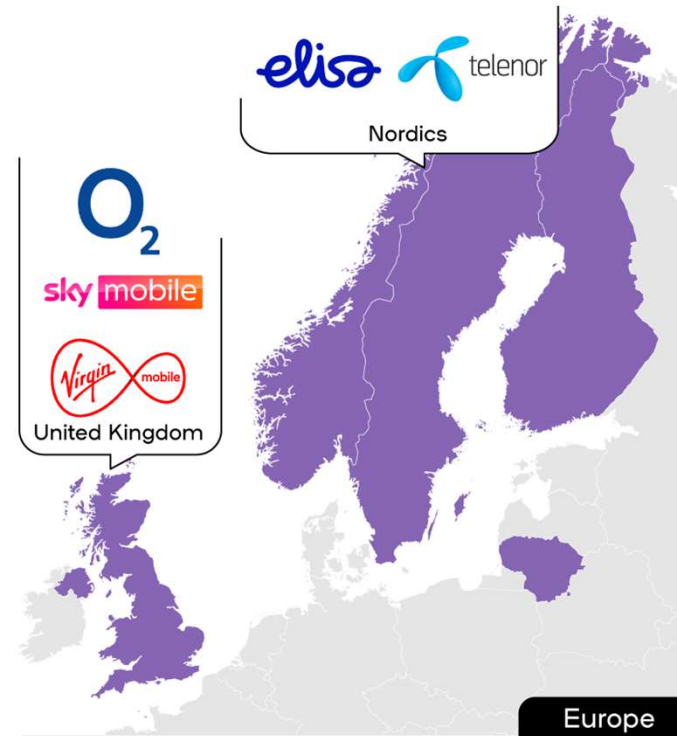
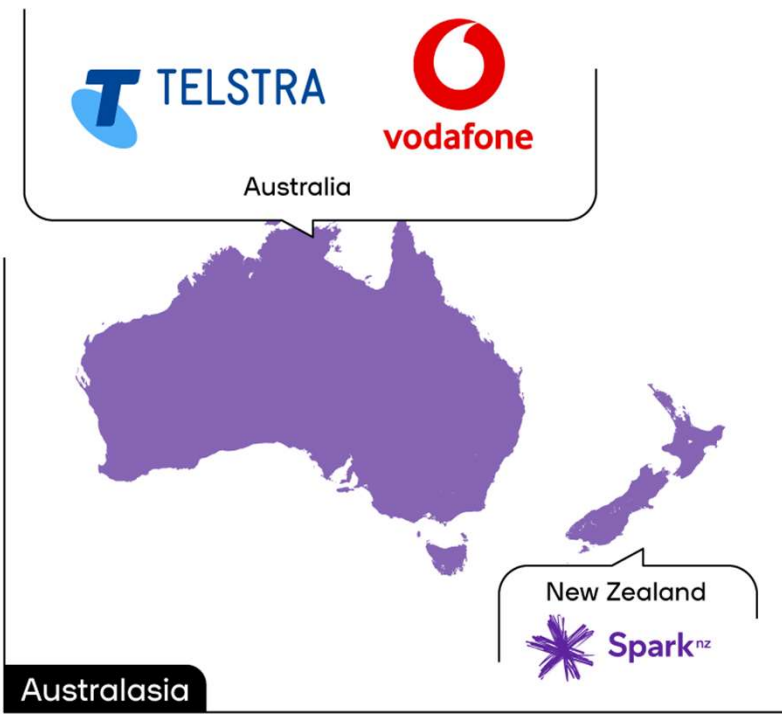
REVENUE BY GEOGRAPHY



APP ARR BY QUARTER



Our Network Operator Partners



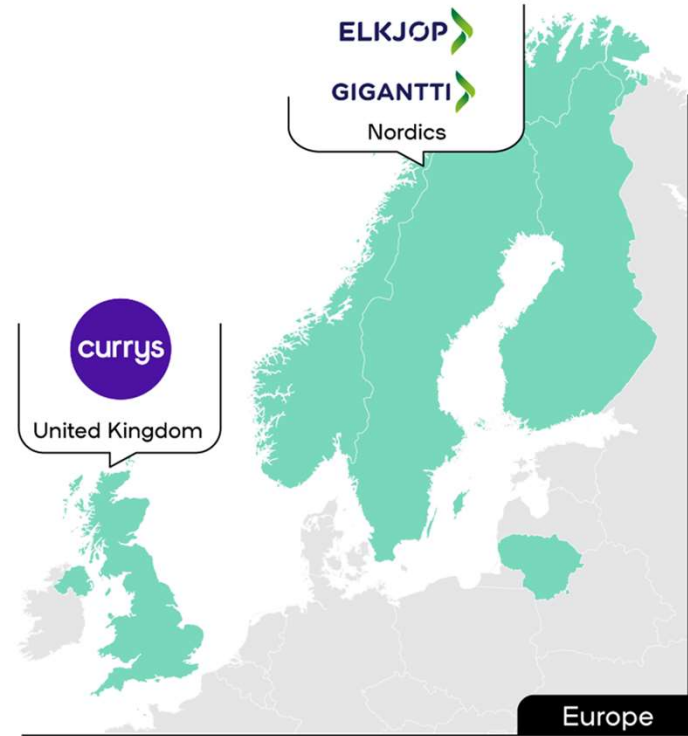
Our Retail Partners



Australia



Australasia



United Kingdom

ELKJOP

GIGANTTI

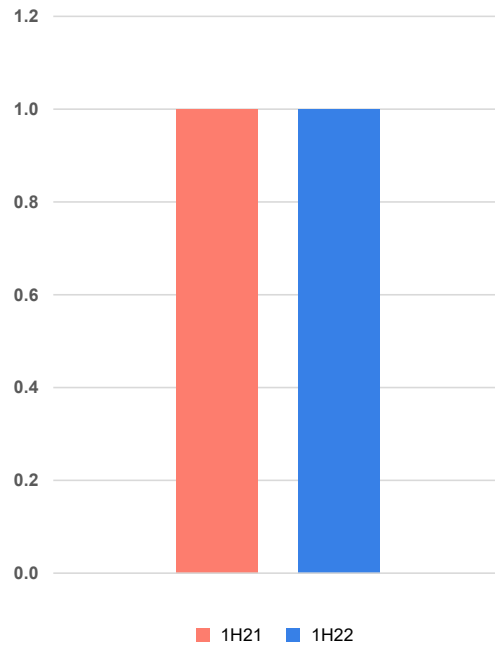
Nordics

Europe

MGM Schools Business



MGM SCHOOLS BUSINESS REVENUE



A graphic of a smartphone with a white screen and a black border. The screen displays a 'School Covid 19 Alert' message. Surrounding the phone are three overlapping circles: a red one at the top right, a green one at the bottom right, and an orange one at the bottom left. Each circle contains a statistic.

Reaching near 350k students

School Covid 19 Alert
If you choose to keep your child at home, teachers will not be able to provide individual work packs. Teachers are under pressure at the moment preparing school closure.
Thank you for your understanding

100m+ messages
safely delivered to parents and teachers since inception in 2002

Trusted by near **1,200 schools**

3

Strategy & outlook

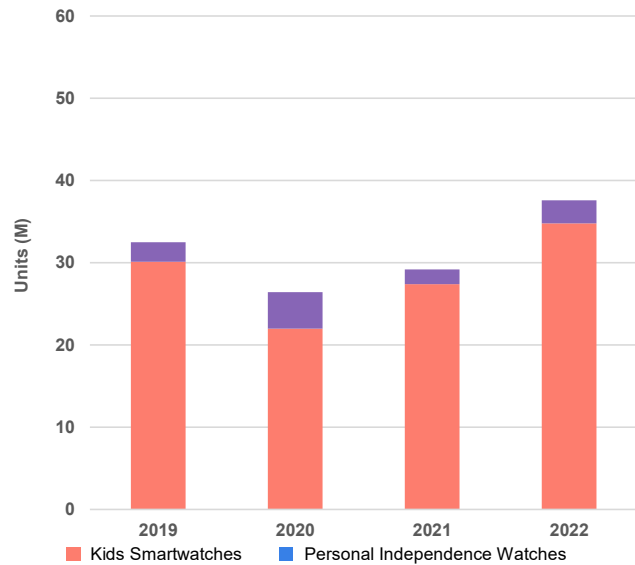
 SPACETALK



Wearables Market Continues to Grow

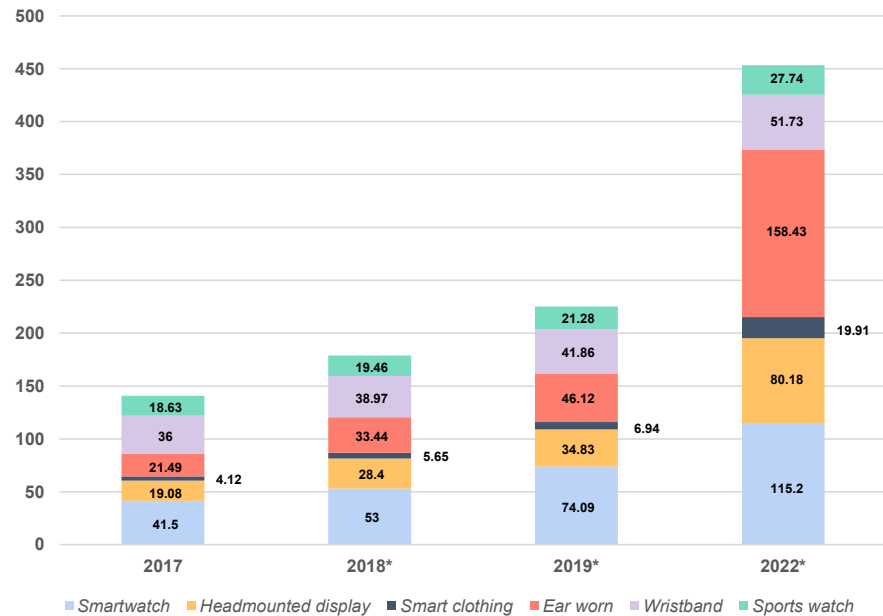
The wearables category is forecast to experience strong worldwide growth.

WORLDWIDE VOLUME (M UNITS) OF WEARABLE-SMARTPHONES 2019–2025



Source: Futuressources

FORCAST UNIT SHIPMENTS OF WEARABLE DEVICES WORLDWIDE FROM 2017 TO 2019 AND IN 2022 (IN MILLIONS), BY CATEGORY



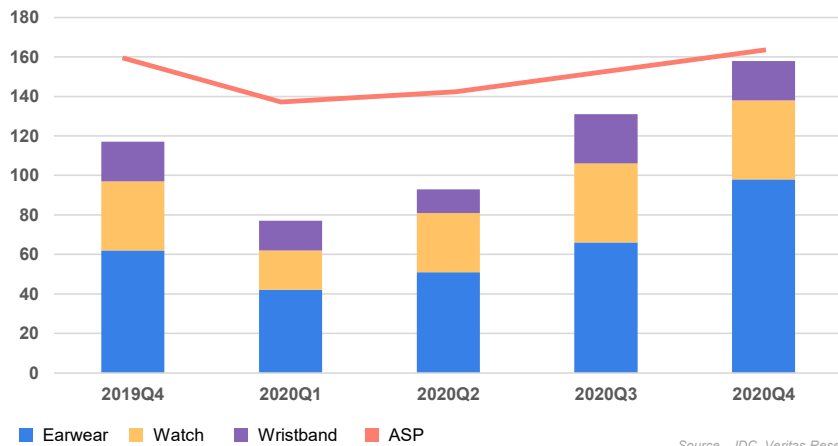
Source: Gartner © Statista 2018

Additional Information Worldwide: 2017 to 2018

Wearables Market Continues to Grow

The wearables category is forecast to experience strong worldwide growth.

WORLDWIDE WEARABLES SHIPMENT BY PRODUCT



Source – IDC, Veritas Research



30%

of all smartwatch sales will be children aged 5-13



\$52B

Global spending on wearables forecasted in 2020



\$109m

Global smartwatch shipments expected to reach 108.91m by 2024 from of 43.87m in 2018 (CAGR of 14.5%)

Source: Gartner Research, IDC.

“Worldwide end-user spending on wearable devices will total \$81.5 billion in 2021, an 18.1% increase from \$69 billion in 2020... The rise in remote work and increased interest in health monitoring during the COVID-19 pandemic was a significant factor driving market growth.”

Source: Gartner Research.

“Market forecast predicts that shipments of wrist-worn wearables will hit 232 million units in 2021, a growth of 20% from an already solid 2020. Of sales in 2021, 142 million units will be smartwatches and 90 million will be simpler fitness trackers.”

Source – CCS Insight.

Trading Update

Group revenues in January 2022 were ahead of January 2021 by 15%.



Australia – significant sales promotion in March 2022 in collaboration with distribution partners.



Europe – UK sales continue to improve. Nordic sales continue to grow since November 2021.



North America – Sales positive but modest. Investments in awareness, operational systems refinement, and search algorithm optimization continue.

FY2022 Report Card

FY22 Objectives (reference August 2021)

OBJECTIVE

Grow top-line revenue

Expand Spacetalk LIFE distribution

New ecosystem functionality, languages and revenue streams

Expand global penetration

Improve operating cost efficiencies

STATUS/PROGRESS

50% total revenue growth rel pcp

56% wearables revenue growth rel pcp

On-going engagement with aged care operators and service providers

Major update in October 2021 – Level Up

Added functionality and 6 new languages

Paid premium services in development

Distribution expanded to North America and Nordic regions

Managed expense growth with significant investments in operation capacity to support North America and Europe

Organisational Capability

MANAGEMENT

WHO	ROLE	PRIOR
Mr Jim Quinn	Chief Operating Officer	Apple, Kinsa, FitBit
Mr Mark Moloney	Global Sales Director	JB HiFi, Sony Pictures
Mr Martin Darbyshire	Chief Design Officer	Tangerine

BOARD

WHO	ROLE	PRIOR
Mr Saurabh Jain	Non-Executive Director	Urbanise, Ventia
Russell Reynolds and Associates engaged to lead search for Independent Non-Executive Chairman		

FY2021 Key Takeaways

Scorecard: Record revenue and improved returns through more products and new channels, with continued high customer satisfaction

Growing Global Opportunity



- Wearables one of fastest growing consumer electronics segments.
- Kids wearables one of fastest growing within wearables segments.
- High correlation between awareness and sales growth

Quality management And Governance



- Non-Executive Director appointed
- Chief Design Officer appointed
- Chief Operating Officer appointed
- Global Sales Director appointed
- Russell Reynolds & Associates engaged for Chair search

Expanded distribution



- Expanded distribution to USA
- Expanded distribution to Canada
- Expanded distribution to Norway
- Expanded distribution to Sweden
- Expanded distribution to Denmark
- Expanded distribution to Finland

Positioned for Growth



- Market leading product
- Competitive strategic advantage from end-to-end ownership and control of technology
- Expanding global distribution footprint and infrastructure
- Investment in next generation of wearables

Revenue Growth



- 50% total revenue growth rel pcp
- 56% wearables revenue growth rel pcp
- 57% device sales growth rel pcp
- 67% app revenue growth rel pcp
- 52% app ARR growth rel pcp

Looking Forward and Innovating



- Next generation wearable in development
- App enhancement in development
- Paid Premium Services in development

Thank You



Connecting families | safe | engaging | reliable

This announcement has been authorized by Spacetalk CEO Mark Fortunatow.

Spacetalk Ltd. (ASX:SPA) is a global technology provider of secure communication solutions for families to stay connected and protected.

Spacetalk's range of all-in-one smartphone GPS watches for children (Spacetalk KIDS and Spacetalk ADVENTURER) and seniors (Spacetalk LIFE) are purpose built with tailored features, design qualities and best practice data encryption, security and privacy technologies, for families to stay confidently connected. Fun, fashionable, secure and technologically advanced, Spacetalk devices deliver confidence for the child and senior wearer, enhanced controls for the guardian, and engaging functionalities for the whole family to stay connected.

The Spacetalk App is designed to provide a family environment for fun, engaging and secure media consumption beyond its device control functionalities for the guardian. Every linked contact – parents, grandparents, extended family members and friends – regardless of whether they are Android or iOS users, can interact with linked Spacetalk devices and each other through the Spacetalk App.

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.

Investor Centre: <https://investors.spacetalkwatch.com/>

Investor Enquiries

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