



Appendix 4E

Preliminary Final Report

Under Listing Rule 4.3A

SPACETALK LTD

ABN 93 091 351 530

Year Ending 30 June 2022

(Previous corresponding period - Year ending 30 June 2022)

Appendix 4E

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ABN 93 091 351 530

Preliminary Final Report

Year Ending 30 June 2022

(Previous corresponding period - Year ending 30 June 2021)

RESULTS FOR ANNOUNCEMENT

			\$
Revenue from ordinary activities	Up by 37%	to	20,704,012
Profit/(loss) from ordinary activities after tax attributable to members	Down by 254%	to	(6,300,910)
Net Profit/(loss) for period attributable to members	Down by 267%	to	(6,575,925)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to dividends	N/A	N/A
Payment date	N/A	N/A
Net tangible asset backing	30 June 2022	30 June 2021
Net tangible asset backing per ordinary security	\$0.06	\$0.04
Control gained or lost over entities during the period		
Name of entity	N/A	
Date of gaining or losing control	N/A	
Dividend or distribution reinvestment plan details		
There is no conduit foreign income for this dividend.		
Joint venture and associate details	N/A	
Foreign entities' accounting standards used	N/A	
Status of Audit	The accounts are in the process of being audited. The accounts are not subject to dispute or qualification.	



Financial Statements

For the Year Ended 30 June 2022

(Previous corresponding period - Year ended 30 June 2021)



CONNECTED FAMILIES • CONFIDENT KIDS • SAFE SENIORS



Preliminary Final Report

Year Ended 30 June 2022

Contents

03 Corporate Directory

04 Review of Operations & Financial Results

09 Financial Statements



Corporate Directory

Registered Office

Suite 13, The Parks
154 Fullarton Road
Rose Park SA 5067

Principal Office

Suite 13, The Parks
154 Fullarton Road
Rose Park SA 5067
Telephone: (08) 8104 9555
Facsimile: (08) 8431 2400

Auditor

Ian G McDonald

Share Registry

Computershare Investor Services Pty Ltd
Level 5
115 Grenfell Street
Adelaide SA 5000
Telephone: 1300 556 161
Overseas Callers: +61 3 9415 4000
Facsimile: 1300 534 987

Stock Exchange

The securities of Spacetalk Ltd. are listed on the Australian Securities Exchange.

ASX Code

SPA
ordinary fully paid shares

Review of Operations & Financial Results for the Year Ending 30 June 2022

Operational Highlights

- Generated greater than \$20 million in revenue for the first time in Company's history.
- Received mobile operator technical acceptance for Spacetalk Adventurer in Europe, the United States of America, and Canada.
- Launched North American business with distribution through leading retailers including Amazon, and Best Buy in both US and Canada.
- Expanded European business into Nordic region with distribution through leading retailers including Elkjop and Verkkokauppa, and leading mobile operators including Elisa and Telenor.
- Expanded distribution in Australia to Big W and in the UK to John Lewis and Robert Dyas.
- Launched JumpySIM virtual mobile network service in the US and commenced development of service in Australia (estimated launch in 1QFY23).
- Enhanced corporate governance arrangements with appointment of independent non-executive Chairman and two additional independent non-executive Directors with a resultant Board of 5 non-executive and 1 executive director.
- Established Audit and Risk Management, and Nomination and Remuneration committees of the Board, membered by independent non-executive directors.

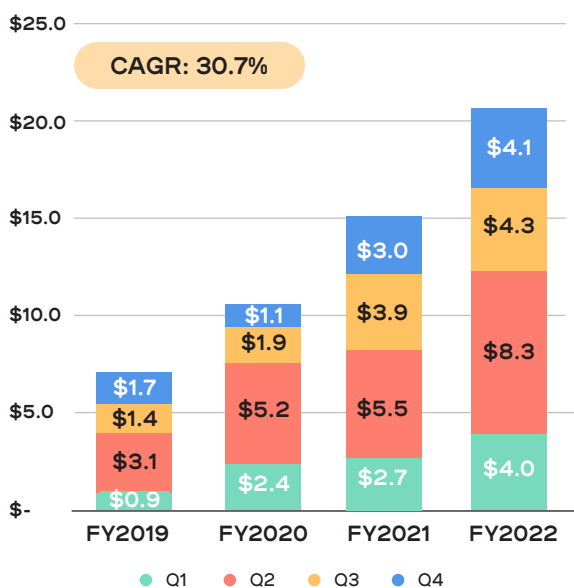
Financial Highlights

2022 FINANCIAL RESULTS SUMMARY

2022 Key results

Twelve months ending 30 June	2022	2021	Change
\$ million unless otherwise specified			
Total Revenue	20.70	15.12	37%
Wearables Revenue	18.19	12.75	43%
School Communications Business Revenue	2.44	2.25	8%
EBITDA	(1.79)	1.08	(266)%
Net Profit	(6.40)	(1.78)	(254)%
Dividend per share (cents)	0	0	0
EBITDA margin	(9)%	7%	(16)%
Net cash from operating activities	(5.57)	(1.18)	372%
Cash balance	5.58	4.19	33%
Net cash/(debt)	0.63	1.27	(50)%
Earnings per share (basic) cents	(3.66)	(1.09)	(236)%

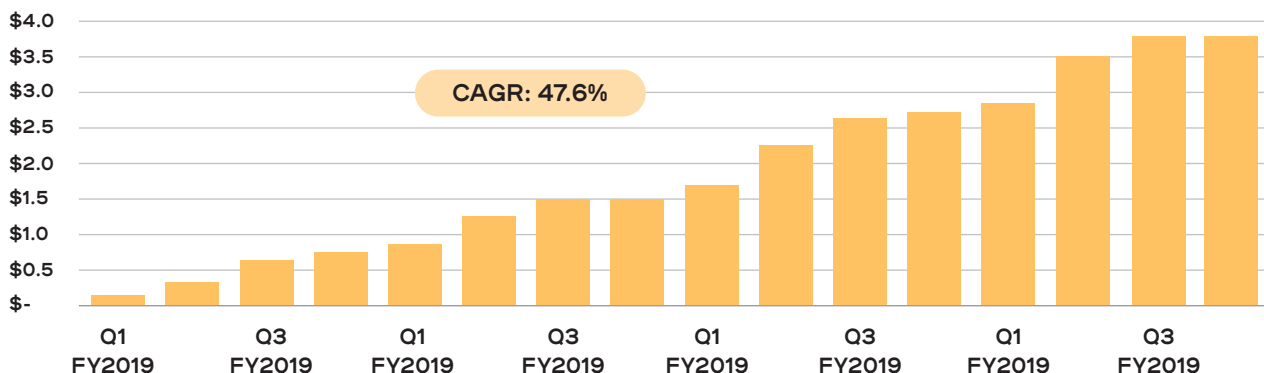
GROUP REVENUE BY QUARTER (\$M)



HIGHLIGHTS

- Highest year of Group Revenues up **37% to \$20.7m**
- Gross profit up **33% to \$12.4m**
- Wearables business revenue up **43% to \$18.2m**
- Schools business revenue up **8% to \$2.5m**
- Device sales revenue up **41% to \$14.9m**
- APP revenue up **55% to \$3.2m**
- APP annualise recurring revenue (ARR) up **41% to \$3.8m**
- Group EBITDA of **-\$1.8m**
- Cash at bank of **\$5.6m**

APP ARR BY QUARTER



COMMENTARY

The 2022 financial year was a strong and important year for the Company.

During the financial year ended June 2022, the Company's distribution was expanded to include North America and the Nordic region of Europe. From its beginnings in Adelaide, South Australia, Spacetalk wearables are now sold in Australia, New Zealand, the United Kingdom, the United States, Canada, Norway, Denmark, Sweden, and Finland. This growing distribution footprint, coupled with improving performance of existing distribution, contributed to Spacetalk generating greater than \$20 million of revenue for the first time in the Company's history.

FY2022 also noted that \$5.7 million (27.5%) of Spacetalk's revenues were generated from recurring non-device sales (App fee and schools business revenue). This is consistent with the Company's strategy to increase the contribution of recurring revenues. With the addition of JumpySIM, recurring revenues are expected to further increase.

Responding to prevailing capital market conditions and the increased cost of capital, Spacetalk is determined to accelerate its pathway to cashflow positivity, in particular through increasing gross profit and enhanced operating efficiencies. In driving for this objective, Spacetalk has adapted and refined its strategy away from a "land-grab" focus on growing top-line revenue, to a targeted quest for profitable growth, strategic awareness and brand building. This will be reflected through future capital allocation, expense management and distribution decisions.

In the first quarter of FY2023, Spacetalk adjusted its operating model to increase efficiencies, and recently took steps to reduce expenses through a 15% reduction in headcount and refinement of marketing and advertising activities. Certain Spacetalk expenses, such as shipping, platform fees and warranties, are correlated with revenue performance and will continue to increase as sales grow. The Company will continue to seek further opportunities to make the business leaner and more cost efficient.

Consistent with this refined focus, Spacetalk is taking a more targeted approach in choosing distribution partners to prioritise higher quality and better yielding accounts. Spacetalk will also continue to identify and execute on opportunities to generate further software/eco-system revenues.

While the operating and economic environment may have changed, the Company remains confident in the future. The potential for the global connected children's wearables category is significant, as are the growth and profit opportunities available to Spacetalk.

WEARABLES BUSINESS

The Spacetalk wearables business continues to go from strength to strength. Following a record revenue performance in FY21, the Spacetalk wearables business recorded revenue of \$18.2 million in FY22, a 43% increase over FY21. This growth was achieved from increased sales through existing and new distribution channels.

Revenue from Spacetalk's App was \$3.4 million for the year, a 55% increase on the prior year. App Annual Recurring Revenue (ARR) was \$3.8 million, a 41% increase on the prior year.

During the year, Spacetalk commenced distribution in North America (including Amazon and BestBuy) and the Nordic Region

(including Elkjop, Verkkokauppa, Elisa and Telenor). Distribution was also expanded in Australia (including Big W) and in the United Kingdom (including John Lewis and Robert Dyas).

Spacetalk continues to engage with other potential distribution partners in ANZ, North America, and Europe. Entering FY2023, the Company has focused its distribution strategy to prioritise high quality, better yielding accounts in recognition of the opportunity cost of inventory, working capital, marketing, and staff resources, with a view to improving gross profit and operational efficiencies.

JUMPYSIM VIRTUAL MOBILE NETWORK SERVICES



In 4QFY22, Spacetalk launched the JumpySIM virtual mobile network service in the United States. JumpySIM US is showing great promise and is significantly improving the Spacetalk customer experience. Although subscriber numbers are still modest, they have more than quadrupled in the period since Spacetalk released its 4QFY22 business update.

JumpySIM has allowed the Company to capture the economic value of provisioning mobile network services necessitated by the sale of every Spacetalk watch to the 5- to 12-year-old kids market segment; a segment currently under serviced. In providing the JumpySIM service, Spacetalk is now able to generate recurring revenues in markets, such as in North America, where the Company previously did not charge a monthly Spacetalk App fee. It also allows Spacetalk to increase recurring revenues where the monthly Spacetalk App fee is already charged.

Spacetalk will be launching JumpySIM services in Australia in 1QFY23, in advance of the Black Friday/Cyber Monday sales period. Investigations also continue for JumpySIM services in other jurisdictions, but it should be noted that launching services in additional jurisdictions comes with additional operational complexities.

Launching Spacetalk and JumpySIM services in new countries and regions requires careful planning beyond the acquisition of inventory, procuring mobile network wholesale services and adding device and service language capabilities. In all regions where Spacetalk devices are sold, after-market support infrastructure needs to be established, typically in the local language, to provide customer support befitting Spacetalk's brand and quality positioning. Additionally, forward and reverse logistics processes need to be implemented to support distribution and statutory warranties.

With two main variants of Adventurer (North American and Rest of World), and across four colours for each variant, having with-SIM and without-SIM inventory to support across multiple sales channels adds complexity to Spacetalk's logistical operations and increases inventory holding costs.

SUPPLY CHAIN AND INVENTORY

Spacetalk did not experience any material supply chain disruptions during the year with the Company's proprietary ownership of the design of its devices and applications providing a strategic competitive advantage in supply chain risk management.

The Company's management of supply chain and inventory risk includes maintaining component buffers and inventories. Input expenses are managed with particular care due to intermittent supply disruptions, and recently inflationary pressures emanating from global energy market volatility. Spacetalk currently holds sufficient inventory to meet forecast requirements and to down-risk supply chain issues.

PRODUCT DEVELOPMENT AND INNOVATION

Spacetalk continues to invest in the development of its products and eco-system. A new software update is scheduled for release in 1QFY23. The Company also continues to develop plans for new wearable device offerings.

Spacetalk operates in a highly competitive and fast-growing segment and is thus cautious in early disclosure of innovations. Additionally, the introduction of new wearables to the market generally requires detailed regulatory and technical testing to satisfy network operators as to the quality and security of Spacetalk's devices. There is also significant logistical planning required to ensure that Spacetalk wearables can be appropriately supported and efficiently made available to distribution partners.

SCHOOLS BUSINESS

The MGM Schools Business continues to be a strong net cashflow contributor with revenue for the FY22 year recorded at \$2.4 million, an 8% increase on the prior year. During the year, the service agreement with the Western Australian Government was also extended for a further 12 months.

CORPORATE GOVERNANCE

During the FY22 financial year, the Company appointed Mr Georg Chmiel as Independent Non-Executive Chairman and Mr Saurabh Jain as Independent Non-Executive Director. Mr Mike Rann was appointed Independent Non-Executive Director on 1 July 2022.

- **Mr Chmiel** is a business leader, company director and senior advisor with three decades of experience in rapidly growing companies and disruptive technologies who brings strong capital market and technology business expertise with extensive global exposure in Asia, Australia, New Zealand, and Europe.
- **Mr Jain** brings 20 years of experience in the technology and telecommunications industry and was previously the Chief Executive Officer and Executive Director of Urbanise Limited, an ASX listed SaaS company.
- **Mr Rann** was Premier of South Australia for almost ten years from 2002 to 2011. While Premier, he also served as Minister for Economic Development, the Arts, Sustainability and Climate Change and Social Inclusion. In late 2012 Mr Rann was appointed as Australian High Commissioner to the United Kingdom and was a Governor of the Commonwealth Secretariat.

Additionally, the Spacetalk Board constituted Audit and Risk Management, and Nomination and Remuneration Committees of the Board. The membership of these committees is as follows:

AUDIT AND RISK MANAGEMENT COMMITTEE:

- Mr Martin Pretty, *Chair*
- Dr Brandon Gien, *member*
- Mr Saurabh Jain, *member*

REMUNERATION AND NOMINATION COMMITTEE:

- Mr Saurabh Jain, *Chair*
- Mr Martin Pretty, *member*
- Dr Brandon Gien, *member*

Spacetalk has also updated and enhanced several Corporate Governance documents and policies which are available for review at the Spacetalk Investor Centre.

CAPITAL AND BALANCE SHEET

Spacetalk opened the financial year with \$4.2 million in cash and closed with \$5.6 million. During the year, the Company drew down the \$2.0 million second tranche of its debt facility from Pure Asset Management and raised \$9.5 million of equity capital (before costs).

A significant proportion of these funds were used to acquire inventory with the Company holding \$7.1 million of inventories at end FY2022 compared to \$1.7 at end FY2021. As noted earlier, a key component of the Company's supply chain risk management approach is maintaining larger component buffers and inventories.

Spacetalk also incurred investment costs in establishing both its North American operation and in enhancing its European operations to support the Nordic market expansion. Both these expansions, with sales commencing in November 2021, are now starting to bear fruit.

PROFIT AND LOSS

The Company achieved a gross profit for FY2022 of \$12.4 million compared to \$9.4 million in FY2021. The statutory result for FY2022 was an accounting loss of \$6.6 million compared to \$1.8 million in FY2021.

Spacetalk’s strong revenue growth was accompanied by a significant increase in expenses as the Company scaled up to take advantage of global growth opportunities, including the establishment of its North American operations.

The most significant cost increase was in the Company’s employment cost. Company headcount increased to a peak of 69 during FY2022 from 50 at the end of FY2021. The year-on-year comparison of costs is also reflective of artificially low employee expenses in FY2021 due to one-off items, including the receipt of Government support payments (\$0.5 million) and the impact of the Company’s COVID-19 response strategies (temporary headcount reductions and 20% salary reductions to all staff applied in July and August 2020). Included in the reported employee expenses is \$330,000 of restructure costs incurred in FY2022 that relate to this rationalisation.

In keeping with Spacetalk’s focus on operational efficiencies in FY2023, staff numbers reduced to 54 as at 30 June 2022. Staff numbers are projected to be 54 at end August 2022 with further natural attrition expected thereafter.

The increase in Interest expenses reflects the cost of debt associated with the Pure Asset Management funding arrangement (\$1.1 million compared to \$0.2 million in FY2021) and the increase in Corporate and Administration expenses reflects costs associated with increased sales, such as shipping, platform fees and warranty provisions.

The Spacetalk Board and leadership team are determined to increase gross profit and operating efficiencies to accelerate the Company’s pathway to cashflow positivity. Future capital allocation, expense management and distribution decisions will now be assessed through this prism.

POST BALANCE DATE

The 2023 financial year has commenced soundly in the context that revenues in the first quarter of the financial year have historically been the quietest of the year.

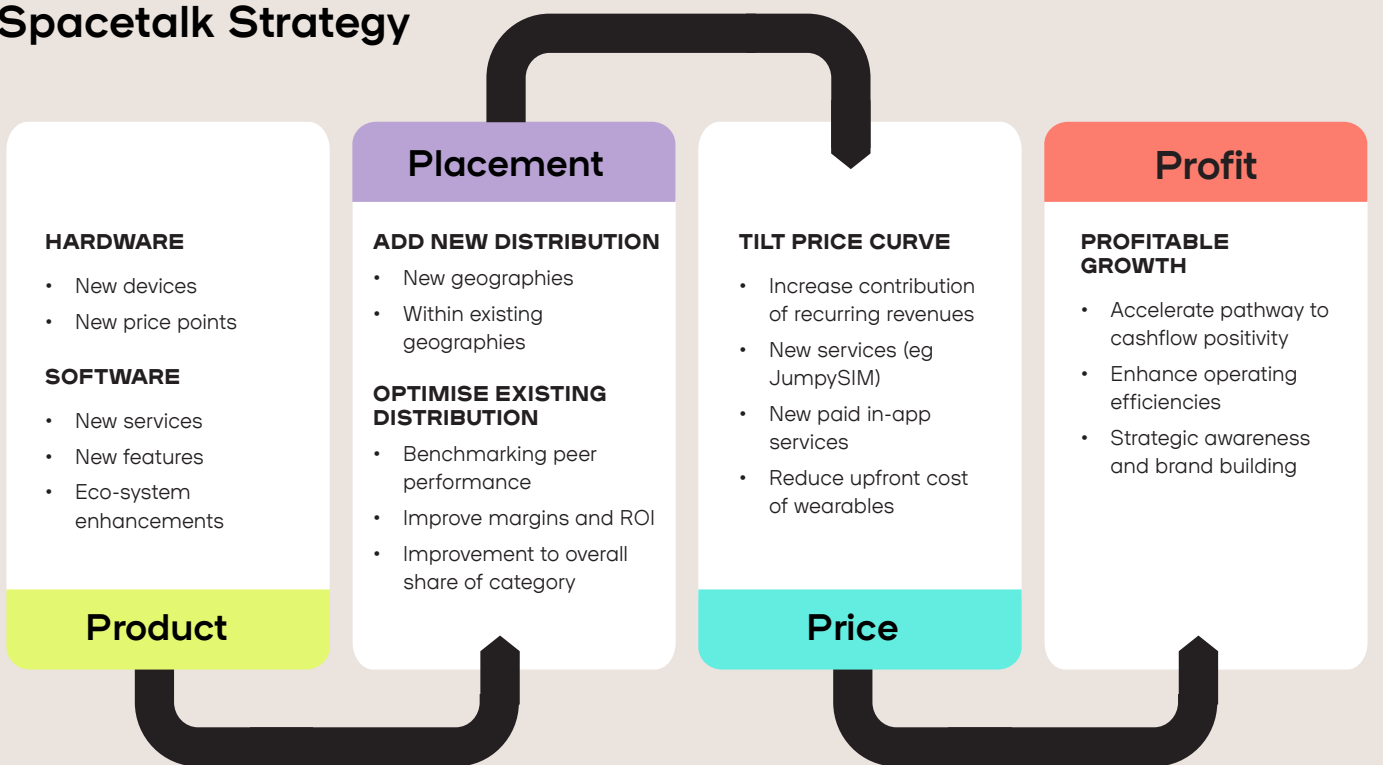
With the success of new retail and operator partnerships in the Nordic region, distribution has since been further expanded with Swedish mobile network operator Telia commencing ranging the Spacetalk Adventurer.

The Company continues to invest in its products and services including ongoing enhancement to its core software, services, and devices. A significant firmware and features update is scheduled for release in 1QFY23. These investments will ensure that Spacetalk retains its leading and differentiated position in the connected wearable market.

Spacetalk is dedicated to delivering an exceptional experience to its customers so that they stay with us and recommend us to friends and family. We are confident that we have the people, devices, platforms, brand, and business model to achieve our goal of brand market leadership in this new, large and fast growing global connected children’s wearables category.

Importantly also, Spacetalk remains committed to a profitable growth strategy to deliver value to Spacetalk shareholders.

Spacetalk Strategy



Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group Year Ended	
		30/06/2022	30/06/2021
		\$	\$
Continuing Operations			
Revenue	2	20,704,012	15,121,573
Cost of sales		(8,285,417)	(5,759,779)
Doubtful debts		(69,171)	(75,170)
Interest expense		(1,092,011)	(172,128)
Amortisation & depreciation		(3,686,445)	(2,993,992)
Options and share issue costs		(540,788)	(351,342)
Corporate and administration		(4,852,238)	(3,292,530)
Advertising and marketing		(2,041,968)	(1,491,229)
Employee costs		(7,628,970)	(3,029,154)
Fair value gain		544,231	
(Loss)/ Gain on foreign exchange		(161,161)	(391,968)
(Loss)/ profit before tax		(7,109,926)	(2,435,719)
Income tax benefit	3	809,016	655,571
Net loss for the period attributable to owners of the Company		(6,300,910)	(1,780,148)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(275,015)	(11,881)
Other comprehensive income for the period (net of tax)		(275,015)	(11,881)
Total comprehensive income for the period attributable to owners of the Company		(6,575,925)	(1,792,029)
(Loss)/profit attributable to:			
Owners of the Company		(6,575,925)	(1,792,029)
Earnings per share			
Basic (cents per share)	4	(3.66)	(1.09)
Diluted (cents per share)	4	(3.50)	(3.03)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the attached notes.

Consolidated Statement of Financial Position

	Notes	Group As At	
		30/06/2022	30/06/2021
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	5,577,088	4,185,033
Trade and other receivables	6	3,590,951	2,218,826
Inventories		7,062,398	1,736,994
Other current assets	7	761,411	2,774,845
Total Current Assets		16,991,848	10,915,698
Non-Current Assets			
Property, plant and equipment	9	221,971	205,911
Intangibles	10	3,768,797	3,941,220
Right-of-use assets	11	104,052	289,016
Deferred tax assets		1,100,272	655,661
Total Non-Current Assets		5,195,092	5,091,808
Total Assets		22,186,940	16,007,506
LIABILITIES			
Current Liabilities			
Trade and other payables	12	3,976,901	1,944,348
Provisions		581,001	418,494
Current tax liabilities		90,347	51,379
Lease Liabilities	11	109,304	183,539
Total Current Liabilities		4,757,553	2,597,760
Non-Current Liabilities			
Borrowings	15	3,077,683	1,538,125
Warrants		1,865,495	2,409,726
Lease liabilities	11	-	109,304
Deferred Tax Liabilities		1,063	1,046
Total Non-Current Liabilities		4,944,241	4,058,201
Total Liabilities		9,701,794	6,655,961
Net Assets		12,485,146	9,351,545
EQUITY			
Issued capital	13	28,064,477	18,686,099
Reserves	14	6,498,878	6,442,745
Accumulated losses		(22,078,209)	(15,777,299)
Total Equity		12,485,146	9,351,545

The above Consolidated Statement of Financial Position should be read in conjunction with the attached notes.

Consolidated Statement of Changes in Equity

	Issued Capital	Accumulated Losses	Share based payment Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Consolidation					
At 30 June 2020	16,124,617	(13,997,151)	6,216,746	(31,029)	8,313,183
Loss attributable to members	-	(1,780,148)	-	-	(1,780,148)
Currency translation differences	-	-	-	(11,881)	(11,881)
Total comprehensive income	-	(1,780,148)	-	(11,881)	(1,792,029)
Transaction with owners					
Contributions and distributions					
Shares issued	2,505,047	-	-	-	2,505,047
Options exercised	-	-	-	-	-
Cost of share issued	(29,095)	-	-	-	(29,095)
Options/rights issued	85,530	-	268,909	-	354,439
Transactions with owners	2,561,482	-	268,909	-	2,830,391
At 30 June 2021	18,686,099	(15,777,299)	6,485,655	(42,910)	9,351,545
Loss attributable to members	-	(6,300,910)	-	-	(6,300,910)
Currency translation differences	-	-	-	(275,015)	(275,015)
Total comprehensive income	-	(6,300,910)	-	(275,015)	(6,575,925)
Transaction with owners					
Contributions and distributions					
Share issued	9,497,018	-	-	-	9,497,018
Options exercised	-	-	-	-	-
Cost of share issued	(328,280)	-	-	-	(328,280)
Options/rights issued	209,640	-	331,148	-	540,788
Transactions with owners	9,378,378	-	331,148	-	9,709,526
At 30 June 2022	28,064,477	(22,078,209)	6,816,803	(317,925)	(12,485,146)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes.

Consolidated Statement of Cash Flows

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
Cash flows from operating activities		
Receipts from customers	21,188,990	15,264,873
Payments to suppliers and employees	(27,480,011)	(16,842,403)
Tax benefits	837,145	650,612
Interest and other costs of finance	(114,641)	(257,596)
Net cash provided by/(used in) operating activities	(5,568,517)	(1,184,514)
Cash flows from investing activities		
Payments for plant and equipment	(56,206)	(48,089)
Payment for research and development	(3,288,913)	(2,997,639)
Net cash (used in)/provided by investing activities	(3,345,119)	(3,045,728)
Cash flows from financing activities		
Proceeds from issue of shares	9,497,018	2,495,047
Costs associated with issue of shares	(328,280)	(35,653)
Proceeds from borrowings	2,000,000	3,000,000
Payment of lease liabilities	(183,539)	(197,363)
Repayment of borrowings	(404,493)	-
Net cash provided by/(used in) financing activities	10,580,706	5,262,031
Net increase/(decrease) in cash held	1,667,070	1,031,789
Cash and cash equivalents at 1 July	4,185,033	3,165,125
Effect of exchange rate changes	(275,015)	(11,881)
Cash at the end of the year	5,577,088	4,185,033

The above Consolidated Statement of Cash Flows should be read in conjunction with the attached notes.

Notes to the Financial Statements for the Year Ended 30 June 2022

1. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The Appendix 4E preliminary final report has been prepared in accordance with ASX listing rules and the recognition and measurement criteria of Accounting Standards and interpretations. Accounting Standards include Australian equivalents to International Financial Reporting Standards.

BASIS OF PREPARATION

The Appendix 4E has been prepared on the basis of historical cost. The accounting policies and methods of computation adopted in the preparation of the Appendix 4E are consistent with those adopted and disclosed in the Group's 30 June 2021 annual financial report.

2. REVENUE

The following is an analysis of the Group's revenue

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
Schools sales	2,440,783	2,245,288
Wearables sales	18,193,123	12,686,980
Grants received	2,700	15,300
Other Wearables income	64,503	64,503
Sundry income	2,903	109,502
Total sales revenue	20,704,012	15,121,573

Other Spacetalk income relates to repairs and shipping charges.

3. INCOME TAX

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
Income tax benefit		
The income tax benefit for the year can be reconciled to the accounting profit or loss as follows:		
(Loss)/profit for the year	(7,109,926)	(2,435,719)
Prima facie tax benefit at 25% (2021: 26%)	(1,777,482)	(633,287)
Non-deductible items		
Other	133,795	43,329
Research and development tax offset	(106,297)	(173,167)
Adjustments recognised in the current year in relation to the current tax of prior year	105,299	-
Adjustment recognised in the current year in relation to deferred tax losses not recognised	835,669	-
Adjustments recognised in the current year in relation to the deferred tax of prior year	-	56,319
Adjustments recognised in the current year in relation to changes	-	51,235
	(809,016)	(655,571)

4. EARNINGS PER SHARE

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
Basic earnings per share		
Total basic earnings per share (cents per share)	(3.66)	(1.09)
Diluted earnings per share		
Total diluted earnings per share (cents per share)	(3.50)	(1.03)

4.1 BASIC EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per shares are as follows:

Net(loss)/profit for the year attributable to owners of the Company	(6,300,910)	(1,780,148)
Earnings used in the calculation of total basic earnings per share	(6,300,910)	(1,780,148)
Weighted average number of ordinary shares for the purpose of basic earnings per share (all measures)	172,221,382	163,699,515

4.2 DILUTED EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per shares are as follows:

Net(loss)/profit for the year attributable to owners of the Company	(6,300,910)	(1,780,148)
Earnings used in the calculation of total diluted earnings per share	(6,300,910)	(1,780,148)
Weighted average number of ordinary shares for the purpose of diluted earnings per share (all measures)	180,269,382	175,454,882

5. CASH & CASH EQUIVALENT

For the purpose of the statement of cash flows, cash and cash equivalent include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash & cash equivalents at the end of the reporting period as shown in the statement of cash flows cash be reconciled to the related items in the statement of financial position as follows:

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
Cash and bank balances	5,577,088	4,185,033

6. TRADE AND OTHER RECEIVABLES

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
Trade receivables	3,658,203	2,287,874
Loss allowance	(67,252)	(69,048)
	3,590,951	2,218,826

7. OTHER CURRENT ASSETS

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
R&D tax incentives	249,976	517,380
Prepayments	511,435	1,224,146
Loan commitment asset	-	1,033,319
	761,411	2,774,845

8. PARENT ENTITY INVESTMENTS

Unlisted controlled entity	Date of acquisition	County of incorporation	Class of shares	Cost of Parent Entity's Investment	Cost of Parent Entity's Investment
				30/06/2022	30/06/2021
				\$	\$
MGM Wireless Holdings Pty Ltd	08/10/2003	Australia	Ordinary	767,000	767,000
Massage You LLC	11/09/2006	USA	Ordinary	124,440	124,440
MGM Wireless (NZ) Pty Ltd	18/05/2010	Australia	Ordinary	80	80
Spacetalkwatch UK Ltd	25/02/2019	United Kingdom	Ordinary	186	186
Spacetalk Holdings Pty Ltd	29/06/2015	Australia	Ordinary	1	1
Spacetalk USA Pty Ltd	29/06/2015	USA	Ordinary	100	100
Spacetalk Inc	29/04/2021	USA	Ordinary	1,340	1,340
Spacetalk LLC	29/04/2021	USA	Ordinary	1,340	1,340
				894,487	894,487

9. PLANT, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Plant and equipment	Leasehold improvements	Total
	\$	\$	\$
Cost			
Balance as at 30 June 2020	414,327	211,979	626,306
Additions	52,515	1,364	53,879
Balance as at 30 June 2021	466,842	213,343	680,185
Additions	51,947	4,258	56,205
Balance as at 30 June 2022	518,789	217,601	736,390
Accumulated depreciation and impairment			
Balance as at 30 June 2020	(316,391)	(127,184)	(443,575)
Depreciation	(22,188)	(8,511)	(30,699)
Balance as at 30 June 2021	(338,579)	(135,695)	(474,274)
Depreciation	(32,100)	(8,045)	(40,145)
Balance as at 30 June 2022	(370,679)	(143,740)	(514,419)
Written down value at 30 June 2021	128,263	77,648	205,911
Written down value at 30 June 2022	148,110	73,861	221,971

10. INTANGIBLE ASSETS

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
At cost	21,240,854	17,951,941
Accumulated amortisation and impairment	(17,472,057)	(14,010,721)
Carrying value	3,768,797	3,941,220

	Distribution Rights	Capitalised Development Costs	Total
Cost	\$	\$	\$
Balance as at 30 June 2020	441,017	14,513,284	14,954,301
Additions from internal developments	-	2,997,640	2,997,640
Balance as at 30 June 2021	441,017	17,510,924	17,951,941
Additions from internal developments	-	3,288,913	3,288,913
Balance as at 30 June 2022	441,017	20,799,837	21,240,854
Accumulated amortisation and impairment			
Balance as at 30 June 2020	(308,707)	(10,932,590)	(11,241,297)
Amortisation	(44,100)	(2,725,324)	(2,769,424)
Balance as at 30 June 2021	(352,807)	(13,657,914)	(14,010,721)
Amortisation	(44,100)	(3,417,236)	(3,461,336)
Balance as at 30 June 2022	(396,907)	(17,075,150)	(17,472,057)
Carrying value at 30 June 2022	44,110	3,724,687	3,768,797

11. LEASES

11.1 RIGHT-OF-USE

	Building	Vehicle	Total
Cost	\$	\$	\$
Balance at 1 July 2020	336,816	33,176	369,992
Additions	354,563	-	354,563
Balance at 30 June 2021	691,379	33,176	724,555
Additions	-	-	-
Balance at 30 June 2022	691,379	33,176	724,555
Accumulated amortisation and impairment			
Balance at 1 July 2020	(211,668)	(24,213)	(235,881)
Amortisation	(190,695)	(8,963)	(199,658)
Balance at 30 June 2021	(402,363)	(33,176)	(435,539)
Amortisation	(184,964)	-	(184,964)
Balance at 30 June 2022	(587,327)	-	(620,503)
Carrying Value 30 June 2022	104,052	-	104,052

11.2 LEASE LIABILITIES

	Group Year ended	
	30/6/2022	30/06/2021
Maturity analysis	\$	\$
Less than one year	111,254	197,578
1-5 years	-	111,254
	111,254	308,832
Less: unearned interest	(1,950)	(15,989)
	109,304	292,843
Analysed as:		
Current	109,304	183,539
Non-current	-	109,304
Balance as at 30 June	109,304	292,843

12. TRADE AND OTHER PAYABLES

	Group Year ended	
	30/6/2022	30/06/2021
Maturity analysis	\$	\$
Trade payables	3,711,385	1,744,968
Indirect tax liability	229,297	171,275
Accrued SMS charges	36,219	28,105
	3,976,901	1,944,348

13. SHARE CAPITAL

13.1 ISSUED AND PAID UP CAPITAL

	Group Year ended	
	30/6/2022	30/06/2021
	\$	\$
Ordinary shares, fully paid	28,064,477	18,686,099
(30 June 2022: 216,355,749, 30 June 2021: 165,381,445)		

13.2 FULLY PAID ORDINARY SHARES

	Group Year ended	
	30/6/2022	30/06/2021
	\$	\$
Balance at 30 June 2021	165,381,445	18,686,099
Share Purchase Plan	7,879,040	1,497,018
Capital raising	42,105,264	7,671,720
Shares issued on employee retention rights vested during the year	990,000	209,640
Balance at 30 June 2022	216,355,749	28,064,477

During the year, the Company issued 990,000 ordinary shares under the employee retention plan (2021: 285,000). A total of 49,984,304 shares were issued under share purchase plan and capital rising program.

14. RESERVES

	Group Year Ended	
	30/06/2022	30/06/2021
	\$	\$
Option issue reserve	6,816,803	6,485,655
Foreign currency translation reserve	(317,925)	(42,910)
	6,498,878	6,442,745
	Option issue reserve	Foreign currency translation reserve
	\$	\$
Balance as at 30 June 2020	6,216,746	(31,029)
Options/rights issued	268,909	-
Currency translation differences	-	(11,881)
Balance as at 30 June 2021	6,485,655	(42,910)
Options/rights issued	331,148	-
Currency translation differences	-	(275,015)
Balance as at 30 June 2022	6,816,803	(317,925)

NATURE AND PURPOSE OF RESERVE

The option issue reserve is used to accumulate amounts received on the issue of options and records items recognised as expense on valuation of incentive-based share options.

The foreign currency translation reserve is used to record exchange rate difference arising from the translation of the financial statements of foreign subsidiaries and is recognised directly in the Statement of Profit or Loss and Other Comprehensive Income before accumulation in this reserve.

15. BORROWINGS

	Group Year ended	
	30/6/2022	30/06/2021
	\$	\$
Loan from Pure Asset Management	3,077,683	1,538,125
	<u>3,077,683</u>	<u>1,538,125</u>

In March 2021, the Company entered into a facility agreement with Pure Asset Management Pty Ltd (Pure AM) for a total of \$5 million that is drawn in 2 tranches. The first tranche of \$3 million was drawn in March 21. During the year ended 30 June 2022, the Company drew down the second tranche of \$2 million.

15. SUBSEQUENT EVENTS

There was no items, transaction or event of material and unusual nature arising in the interval between 30 June 2022 and the date of this report that, in the opinion of the Directors of Spacetalk Ltd, to affect significantly the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group, in future period.



MARK FORTUNATOW
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Rose Park, South Australia
 24 August 2022

