



H1 2023 Update

March 2023

**Reset & stabilisation underway
Moving to growth phase**



Important notice

This presentation has been prepared by Spacetalk Ltd. (“Spacetalk,” or “Company,” or “SPA”).

Information contained in this presentation:

- is intended to be general background information only, and is not intended that it be relied upon as advice to investors or potential investors and is not an offer or invitation for subscription, purchase, or recommendation of securities in Spacetalk
- 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:

- H12023 = First half 2023 financial year ended – 1st July 2022 to 31st December 2022

H12023 Financial Highlights

Statement of Profit or Loss Highlights

	6 Months Ended	
	31/12/2022	31/12/2021
	\$m	\$m
Revenue	9.3	12.5
Gross Profit	4.5	7.0
(Loss)/profit before tax	(9.2)	(2.5)
Net profit for the period attributable to owners of the company	(9.2)	(1.8)

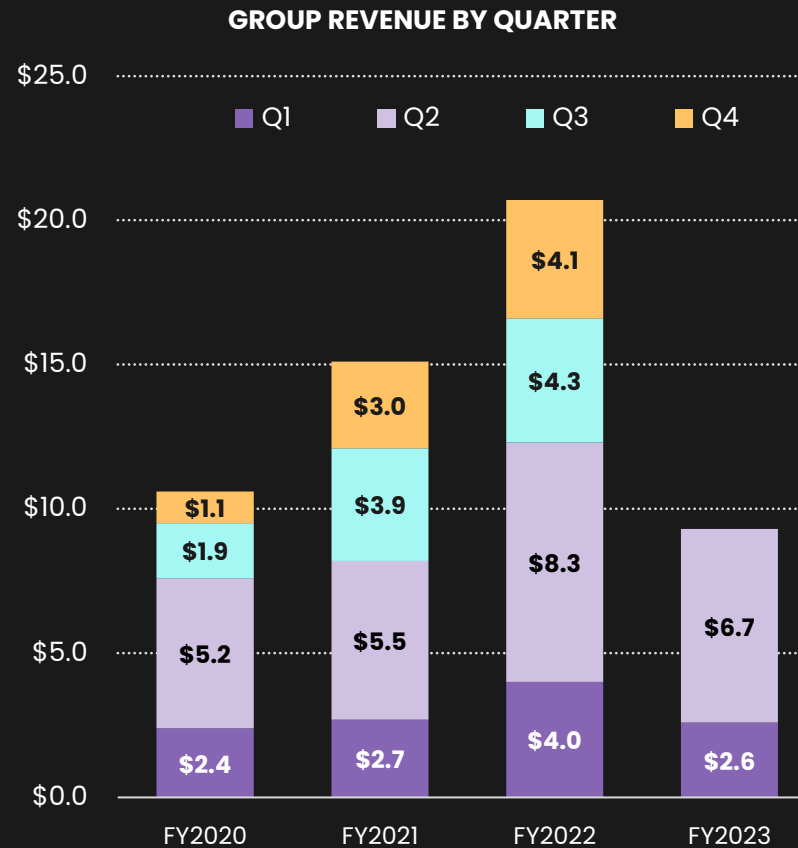
	6 Months Ended	
	31/12/2022	31/12/2021
	\$m	\$m
Net Loss after tax attributable to owners of the company – reported	(9.2)	(1.8)
Add back:	-	-
Write off old assets	0.2	-
Reverse incentive rights	(0.4)	-
Impairment of intangible assets	2.2	-
Costs relating to debt restructure	3.4	-
Gain of fair value of derivatives	(2.4)	(0.5)
Net Loss after tax attributable to owners of the company – underlying	(6.2)	(2.4)

H12023

Financial Highlights



Group Revenue



- Revenue down 26% as we stopped unprofitable Kids Smartwatch to be replaced with profitable alternative in Q4
- Strong revenue contribution by JumpySIM

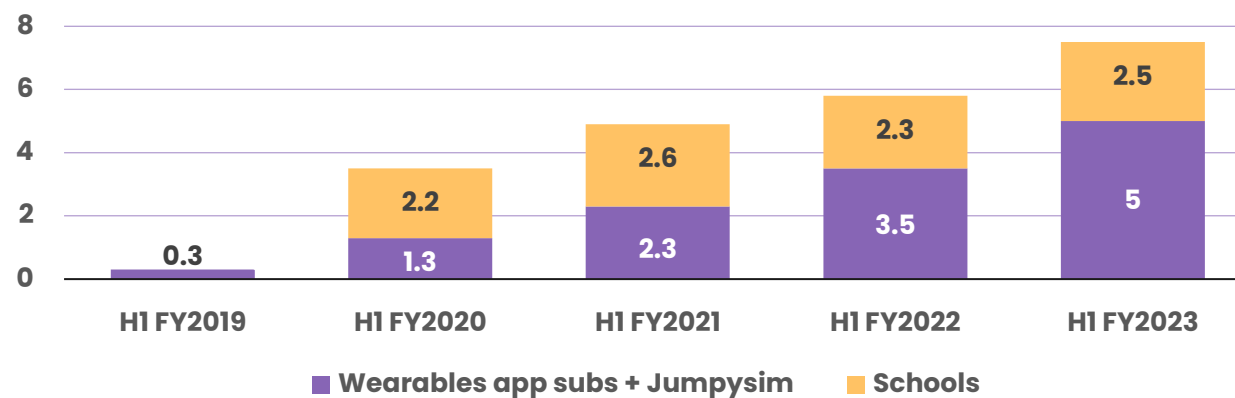
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ARR



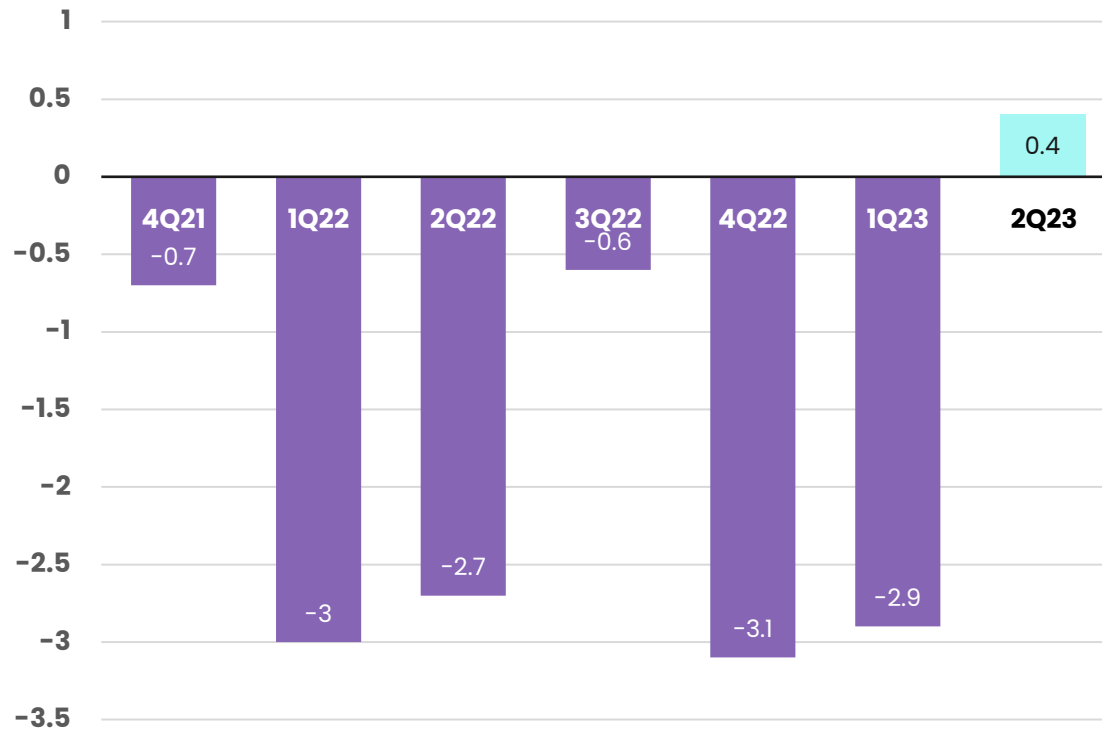
ARR **\$7.4m** +29% pcp

+43% wearables pcp



Cash flow & cash management

Cash flow by quarter in AUD millions



*Represents net cash movement in quarter excluding any financing such as capital raise or borrowings

- \$4.2m Cash at 31 December 2022
- 2Q23 positive cash flow* for quarter versus cash burn in previous quarters
- Significant improvement in operating cash flow for H1 of -\$0.96m vs -\$3.6m PCP
- Continual focus on cash management
- Improved working capital improvement (smaller watch orders more often)
- Cost reduction program initiated in 2Q23 identified and completed, with \$2m annualised savings flowing from Q3.



Capital Raise Complete

- Non-renounceable entitlement offer announced in November was closed on 23 December raising \$1.15m (before costs)
- A further \$1.23m (before costs) was raised in the short fall placement concluded in February 2023, including \$230k from Directors
- Total raised was \$2.4m (before costs)
- An additional \$396k of capital was raised when Pure excised its warrant for 11 million shares.

Non-renounceable Entitlement Offer	Capital Raised	Shares Issued	Options
	(\$m)	(m)	(m)
Entitlement Offer	1.15	38.35	19.18
Shortfall	1.23	41.02	20.51
Total (before costs)	2.38	79.38	39.69

Restructured Debt Facility



- Renegotiated Pure debt facility of \$5m finalized in December 2023
- Reduced interest rate
- Pushed out maturity date of 2nd debt tranche (\$2m) to 1 July 2024. 1st tranche (\$3m) still to 20 March 2025.
- Improved covenants better aligned with Company performance
- As part of the restructured facility Pure was issued a warrant for 90 m shares (approved at EGM on 15 February 2023)



Management team background



Simon Crowther
CEO and Managing Director

Simon Crowther is a serial entrepreneur and CEO with 20 years of commercial success rooted in the technology sector. Simon had his first profitable exit in 2000 which paved the way for increased leadership roles and exits in subsequent years.

Prior to joining Spacetalk, Simon was:

- CEO with AirMap in California,
- Partner and Managing Director with Yamaha Motor Ventures & Laboratory Silicon Valley, and
- CEO of Nearmap (ASX:NEA) which he led as a public company and built into a leading geospatial and AI data business with a \$1billion plus market cap.



Craig Boshier
COO

Craig Boshier has over 15 years' experience working with high-growth technology businesses across multiple sectors, in various operational, consulting and investment roles.

Prior to joining Spacetalk, Craig was:

- COO with AirMap in California,
- Partner and General Manager with Yamaha Motor Ventures & Laboratory Silicon Valley, and
- Partner and Managing Director with Boston Consulting Group's Digital Ventures business, where he led the design, build and launch of new digital products and businesses in Australia, India and Southeast Asia.



Focused Goals & Disciplined Execution



Strategic Review

- **Brand** – Building upon Spacetalk’s strong brand equity, we will align our ecosystem of products around this central brand.
- **Digital Channels** – Leveraging our existing digital footprint, and developing new forms of digital engagement to increase reoccurring revenue from these channels.
- **Building Recurring Revenue** – We will continue our focus on building our subscription business and forming deeper relationships with our customers.



Focused Goals & Disciplined Execution



- **Schools Business** – We will renew our focus on engaging state and private school networks with our highly profitable schools SaaS product suite.
- **Cost Management** – We will increase our focus on cost management within the business as we continue to streamline our operations.
- **Growth Focus** – We will renew our focus on executing a positive growth model within the ANZ market.

Summary



**Cash Flow
Positive in Q2**



**Kids watch re-entry
in Q4**



ARR Increase



Growth strategy



**Cost and cash
management**



Recapitalised



**Strong
Management
team**

This announcement has been authorized by the Spacetalk Board.

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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