



1H24 Investor Presentation

Safety At Every Stage Of Life

29 February 2024

spacetalk.co










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1. Investment Highlights

1H24 results demonstrate continued growth

| | 1H24 | 1H23 | Change | |
|---|--------|--------|--------|---|
| Revenue from continuing operations (\$m) | 9.2 | 7.0 | 31% |  |
| Gross Profit from continuing operations (\$m) | 4.2 | 3.0 | 40% |  |
| GP margin (%) | 46% | 43% | 3ppts |  |
| Annual Recurring Revenue (\$m) | 9.5 | 7.4 | 28% |  |
| Recurring Revenue Mix (%) | 48% | 46% | 2ppts |  |
| Total Spacetalk App and Mobile Subscribers ¹ | 70,955 | 64,469 | 10% |  |
| Spacetalk Mobile Subscribers (higher ARPU than Spacetalk App) | 26,036 | 6,993 | 272% |  |

¹ App 1HFY23: 57,476 (1HFY24: 44,919); Spacetalk Mobile 1HFY23: 6,993 (1HFY24: 26,036)

2. Business and Strategy Update

Our ecosystem

of family safety technology products.

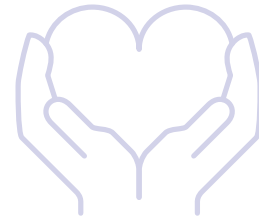
Our focus

on strategy implementation, all flow from our vision and mission.



VISION

Safety at every stage of life.



MISSION

To ensure **family safety** by providing an **ecosystem** of products that enable **freedom** and create **peace of mind**.



Transformation

CEO and leadership team continue to transform Spacetalk



February 2023

Spacetalk was a consumer electronics hardware business



Today

Spacetalk is a wearables enabled software subscription and Mobile Virtual Network Operator (MVNO) business

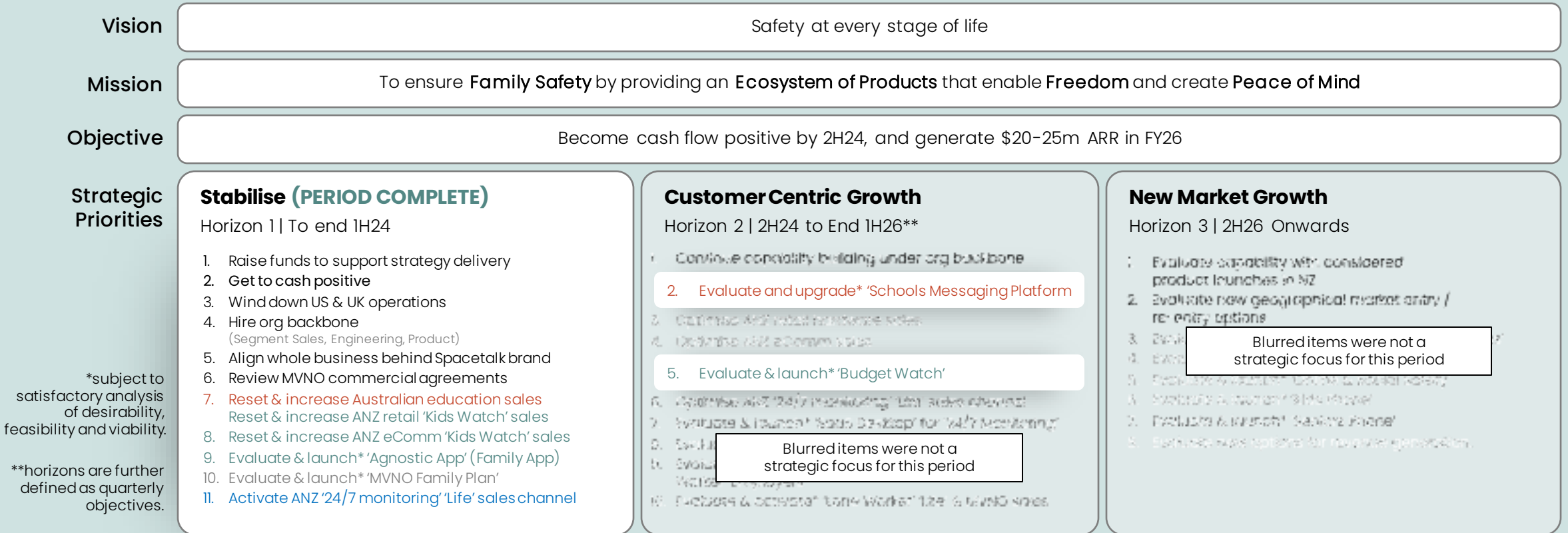
Targeting an underlying sustainable cash generative operation by 2H24

\$20m-\$25m

ARR business within 3 years from June 2023



Spacetalk's transformation and growth strategy on a page



*subject to satisfactory analysis of desirability, feasibility and viability.

**horizons are further defined as quarterly objectives.

Blurred items were not a strategic focus for this period

Blurred items were not a strategic focus for this period

Key Capabilities



Software Engineering



Segment Sales Expertise



Product Design & Management



Product Marketing



Strategic Finance

We are delivering our growth and transformation strategy as promised

| | | |
|----|---|----------------------------|
| 1 | Raise funds to support strategy delivery | Complete |
| 2 | Get to cash positive | 2H24 |
| 3 | Temporarily wind down international operations | Complete |
| 4 | Hire org backbone (Segment Sales, Engineering, Product) | Complete |
| 5 | Align whole business behind Spacetalk brand | Complete |
| 6 | Review MVNO commercial agreements | Complete |
| 7 | Reset & increase Australian education sales | 2H24 |
| 8 | Reset & increase ANZ retail 'Kids Watch' sales | Complete |
| 9 | Reset & increase ANZ eComm 'Kids Watch' sales | Complete |
| 10 | Evaluate & launch* 'Agnostic App' (Family App) | Complete |
| 11 | Evaluate & launch* 'MVNO Family Plan' | Complete |
| 12 | Activate ANZ '24/7 monitoring' 'Life' sales channel | Complete |
| H2 | Evaluate and upgrade* 'Schools Messaging | Complete (Additional item) |
| H2 | Evaluate & launch* 'Budget Watch' | Complete (Additional item) |

Spacetalk's family safety technology business on a page

One Theme:

- 1. Family Safety

Two Emotional Experiences:

- 1. Freedom
- 2. Peace of Mind

Three Product Sets:

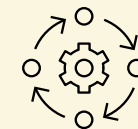
- 1. Wearable Hardware & Companion Apps
- 2. Mobile Connection (MVNO Plans)
- 3. Schools Messaging Suite

Four Customer Segments:

- 1. Schools and Educators
- 2. Young Families
- 3. Seniors and Vulnerable Families
- 4. Employers and Workers

Five Established Revenue Streams:

- 1. Hardware Sales
- 2. MVNO Subscriptions
- 3. App Subscriptions
- 4. Software Subscriptions (SaaS)
- 5. SMS Subscriptions



We continue to focus on Product Ecosystem innovation

Wearable hardware & companion apps

Hardware sales convert to Spacetalk Mobile subscribers at a high rate, meaning our MVNO customer acquisition cost is virtually zero.



Spacetalk products

work together as a value multiplying ecosystem



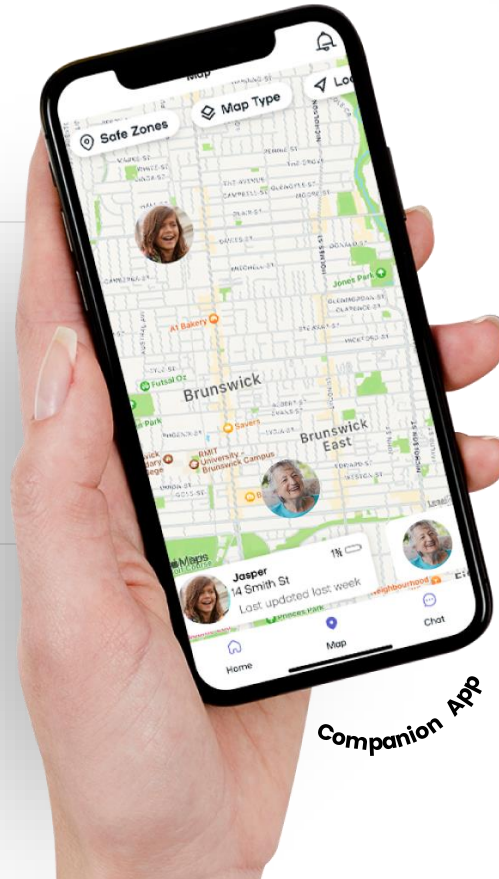
Customers are acquired

at very low cost directly & through hardware sales



Customers are retained

within a suite of subscription MVNO and software products



Companion App



Adventurer 1 Watch

Adventurer 2 Watch

Life Watch

Adventurer Watch

4G smartwatch and GPS device full of safety features, making it the perfect first phone for kids.

Adventurer 2 Watch

Our newest 4G smartwatch. It has video calling, talk and text, GPS location tracking, school mode, emergency SOS, and tough Gorilla glass.

Life Watch

Updated September 2023
4G mobile phone watches that automatically detect falls, calls SOS contacts, provides GPS location data and connection to 24/7 monitoring providers.

Loop Watch

October 2023
Distraction free affordable 4G and GPS watch.

Companion App

The Spacetalk App connects to kids and seniors Spacetalk devices, enabling you to locate family members, communicate with them at any time.

Family App (Reach)

September 2023
Device agnostic app that provides all the features of the companion app, for any device (no need for a Spacetalk watch).

Accessories

A range of new straps, charging docks and screen protectors.



Spacetalk Loop & Bundles

Bundling a Spacetalk wearable device with a recurring Spacetalk Mobile subscription to provide a simple solution for customers.

Loop devices are locked to the Spacetalk Mobile network, increasing subscribers and reducing SIM churn.



Bundle*
\$414

SIM Included
Fees apply

Spacetalk Mobile

Biggest Value*

365 day expiry

Unlimited talk and text

30GB data at 4G speed

Includes Spacetalk app subscription

4G⁺

*Illustrative Example Only

Assumes full price purchase of Loop (\$249) and purchase of 12 Month Spacetalk Mobile Wearables Plan (\$165)

Spacetalk Life mPERS Bundles

Bundling a Spacetalk Life mPERS wearable device with a 12 month recurring Spacetalk Mobile subscription, 12 month Spacetalk App subscription and 12 month 24/7 safety monitoring subscription to provide a simple solution for seniors, their families and carers.

Life devices are bundled with 12 month recurring subscriptions to reduce both Spacetalk Mobile and Spacetalk App churn.



Spacetalk Mobile

Protect Bundle

365 day recurring Spacetalk Mobile subscription

365 day recurring Spacetalk App subscription

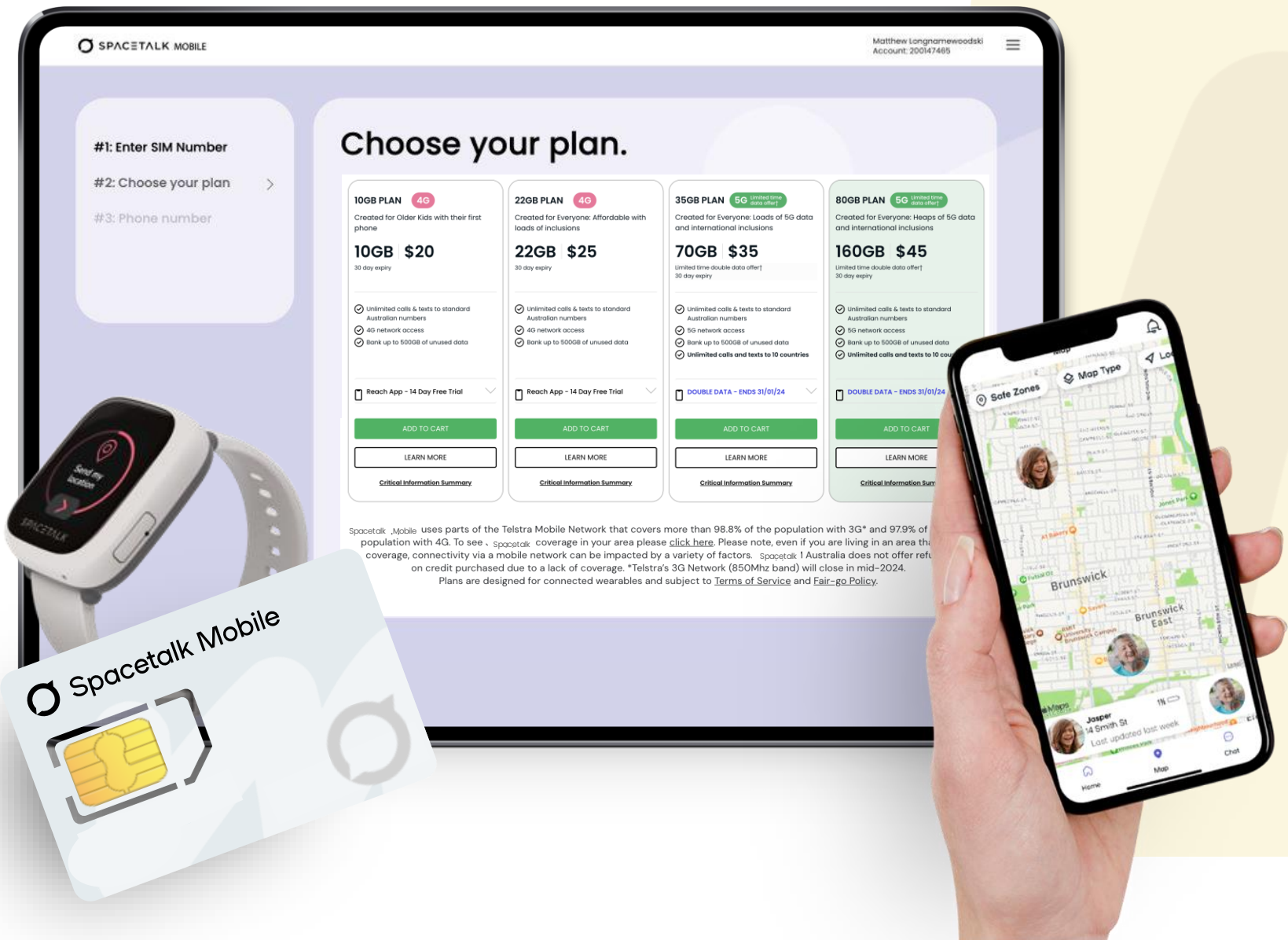
365 day 24/7 safety monitoring subscription

Unlimited talk and text

30GB data at 4G speed

4G[®]

Spacetalk Mobile



More Spacetalk watches will be locked to the Spacetalk Mobile network in 2H24.

Four new 4G & 5G handset plans and Reach app extend our value proposition and will increase customer lifetime value.

New products and geographies planned.

Choose your plan.

| 10GB PLAN 4G | 22GB PLAN 4G | 35GB PLAN 5G <small>Limited time offer</small> | 80GB PLAN 5G <small>Limited time offer</small> |
|--|--|---|---|
| Created for Older Kids with their first phone | Created for Everyone: Affordable with loads of inclusions | Created for Everyone: Loads of 5G data and international inclusions | Created for Everyone: Heaps of 5G data and international inclusions |
| 10GB \$20 <small>30 day expiry</small> | 22GB \$25 <small>30 day expiry</small> | 70GB \$35 <small>Limited time double data offer 30 day expiry</small> | 160GB \$45 <small>Limited time double data offer 30 day expiry</small> |
| <ul style="list-style-type: none"> Unlimited calls & texts to standard Australian numbers 4G network access Bank up to 5000B of unused data | <ul style="list-style-type: none"> Unlimited calls & texts to standard Australian numbers 4G network access Bank up to 5000B of unused data | <ul style="list-style-type: none"> Unlimited calls & texts to standard Australian numbers 5G network access Bank up to 5000B of unused data Unlimited calls and texts to 10 countries | <ul style="list-style-type: none"> Unlimited calls & texts to standard Australian numbers 5G network access Bank up to 5000B of unused data Unlimited calls and texts to 10 countries |
| <input type="checkbox"/> Reach App - 14 Day Free Trial | <input type="checkbox"/> Reach App - 14 Day Free Trial | <input type="checkbox"/> DOUBLE DATA - ENDS 31/01/24 | <input type="checkbox"/> DOUBLE DATA - ENDS 31/01/24 |
| ADD TO CART | ADD TO CART | ADD TO CART | ADD TO CART |
| LEARN MORE | LEARN MORE | LEARN MORE | LEARN MORE |
| <small>Critical Information Summary</small> | <small>Critical Information Summary</small> | <small>Critical Information Summary</small> | <small>Critical Information Summary</small> |

Spacetalk Mobile uses parts of the Telstra Mobile Network that covers more than 98.8% of the population with 3G* and 97.9% of population with 4G. To see Spacetalk coverage in your area please [click here](#). Please note, even if you are living in an area that has coverage, connectivity via a mobile network can be impacted by a variety of factors. Spacetalk 1 Australia does not offer refunds on credit purchased due to a lack of coverage. *Telstra's 3G Network (850Mhz band) will close in mid-2024. Plans are designed for connected wearables and subject to [Terms of Service](#) and [Fair-go Policy](#).

Spacetalk Schools

Spacetalk Schools serves ~900 schools nationwide, engaging ~620,000 parents each year.

7 School POC

Testing and refinement of updated app.

~1,000 Parents Opted In

Spacetalk Schools is being activated as a channel to reach Young Families

Available to ~900 Schools Jan '24

Offered as a value service.

Renewed Focus

Customer success and direct engagement with schools remains a priority.

Fundraising Offer

Ongoing focus on engaging schools to share financial benefits and deepen relationships with parents.

Refreshed

Schools Messaging Suite

 Spacetalk Schools

School attendance and parent message product suite, including analysis and reporting of attendance patterns that may indicate an at risk child. Rebranded from MGM Wireless in July 2023.

New School <> Parent communication app launched in September 2023.



We continue to achieve consistent active user and subscriber growth

Grow customer base, increase subscription revenue and customer lifetime value on strong foundation

Active Wearables Devices (12th Jan 2024)

~85,000
active devices globally

~66,000
active devices in Australia and NZ

Spacetalk App Subscribers (12th Jan 2024)

~46,500
paying app subscribers globally

4.6
star rating

2,700
ratings

200,000+
downloads

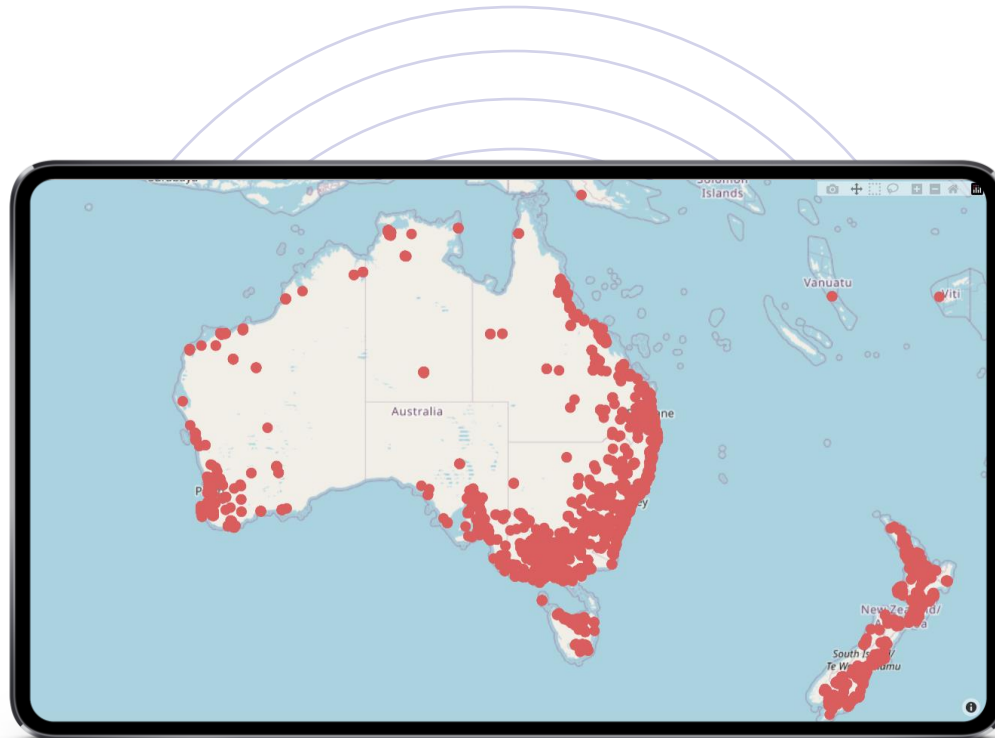


Image above is Spacetalk watch GPS snapshot Friday 19th May, 2023

Spacetalk Mobile MVNO Subscribers (31st Dec 2023)

~26,000
active subscribers in 13 months

Launched
November 2022

~23,700
active subscribers in Australia

Spacetalk Schools SaaS Subscribers (12th Jan 2024)

~900
Schools using SaaS product

~10%
of all Australian Schools

~620,000
parents engaged monthly

~24,500,000
messages sent each year

Focus on operational excellence while growing revenue

Offshoring to reduce costs while maintaining high quality is already underway

December 2023

Customer Support Team

Suva, Fiji

Dedicated, lower cost, high quality Spacetalk customer support team has been activated in Suva.

Ongoing focus on operational efficiency in other areas of the business including finance, marketing, ecommerce and product.



3. Financial Summary - 1H24 Results

Solid Year on Year Growth Delivered

| \$M | 1H24 | 1H23 | Change |
|--|--------------|--------------|--------------|
| Revenue from continuing operations | | | |
| Subscription* | 4.4 | 3.2 | 38% |
| Hardware | 4.8 | 3.8 | 26% |
| Total revenue | 9.2 | 7.0 | 31% |
| Gross profit from continuing operations | 4.2 | 3.0 | 40% |
| Operating expenses before material non recurring costs | (5.5) | (5.5) | 0% |
| Normalised EBITDA from continuing operations | (1.3) | (2.5) | (48%) |
| Non recurring expenses** | (1.3) | (1.0) | 30% |
| EBITDA | (2.6) | (3.5) | (26%) |
| Depreciation, impairment and amortisation | (0.5) | (4.0) | (88%) |
| Interest expense | (0.3) | (0.4) | (25%) |
| NPAT | (3.4) | (7.9) | (57%) |
| Annual Recurring Revenue (ARR) | 9.5 | 7.4 | 28% |
| Cash and cash equivalents*** | 2.9 | 3.0 | (3%) |

Commentary

- Strong subscription revenue growth of 38% driven by an 850% increase in Spacetalk Mobile revenue vs pcp, partially offset by an expected 16% decline in App revenue, and 18% decline in Schools revenue
- 26% Increase in Device revenue driven by 20% volume increase and 7ppts better margin
- Gross profit increase of **40%** driven by increased revenue (29%) and better revenue mix towards higher yielding subscription revenue
- ARR increase of 28% reflects the strong Spacetalk Mobile performance, resulting in over 26,000 active paying subscribers added after launch in November 2022
- Operating expenses are flat, excluding the impact of noncash share-based payments and material one-off costs.
- Normalised EBITDA improving on the back of higher revenue and margins

*1H24 includes Spacetalk Mobile \$1.8m; App +\$1.6m and Schools +\$0.9m; 1H23 includes Spacetalk Mobile +\$0.2m; App +\$1.9m and Schools +\$1.1m

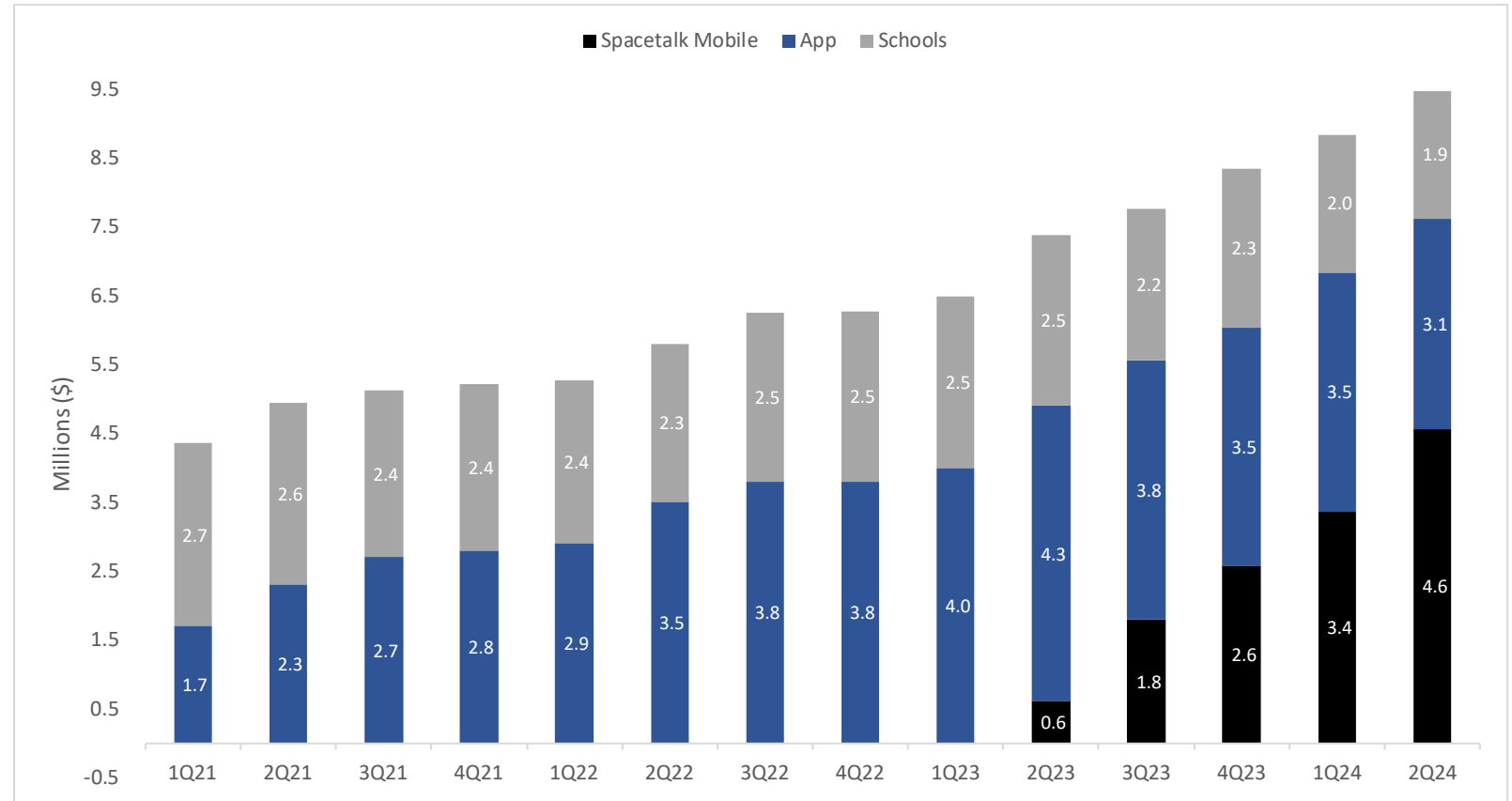
**1H24 includes redundancy (\$0.2m); noncash debt restructuring costs (\$0.2m); fair value loss on derivatives (\$0.3m); nonrecurring recruitment costs (\$0.5m) and other (\$0.1m). 1H23 includes noncash debt restructuring costs (\$3.4m); fair value gains on derivatives +\$2.4m.

***Comparative cash balance is as at 30 June 2023.



Quarterly ARR has grown ~ 2.2x since Q1 FY21

Annual Recurring Revenue (ARR)

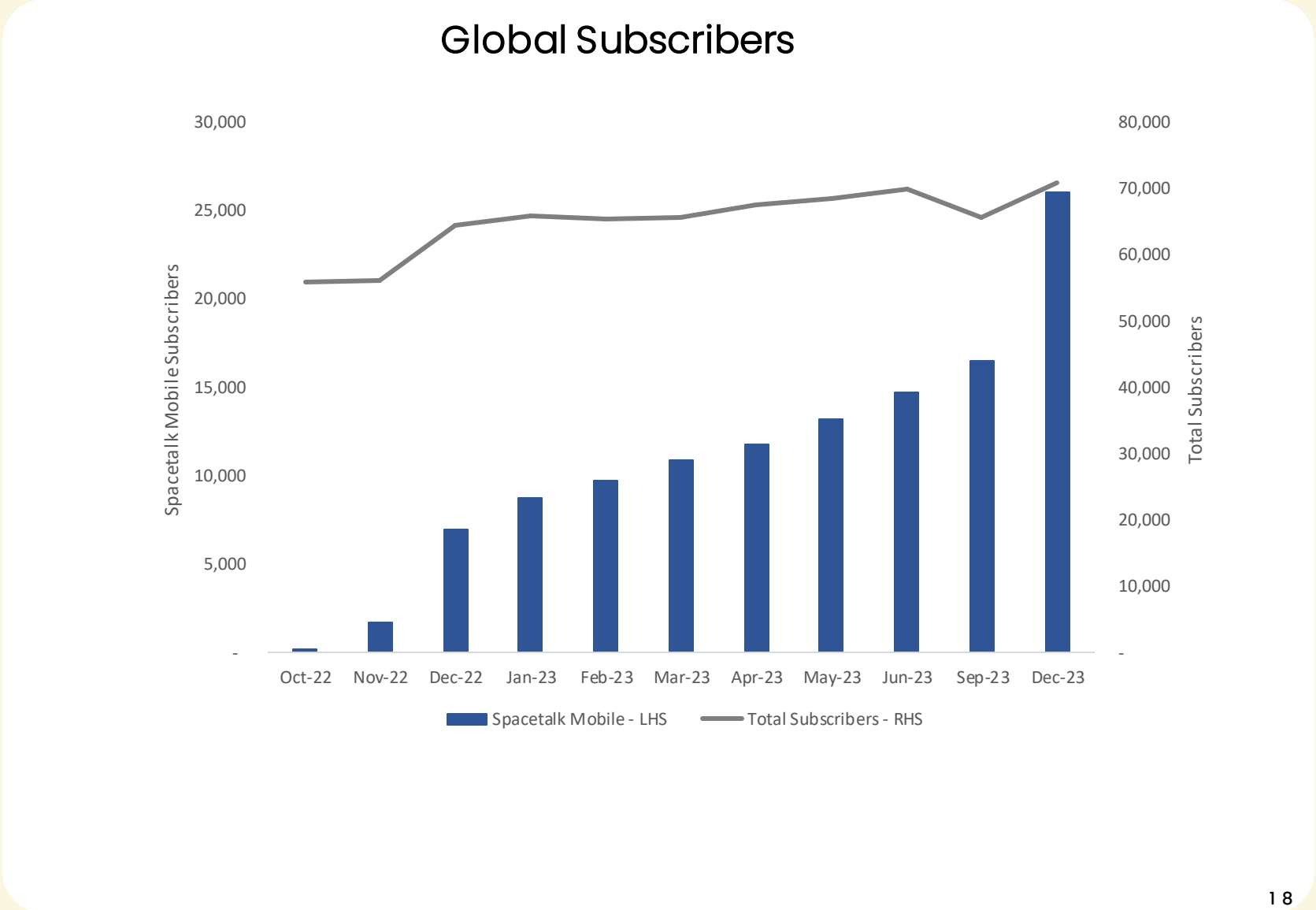


- 118% growth from Q1FY21 to Q2 FY24
- Combined App & Spacetalk Mobile growth of 75% over same period
- Spacetalk Mobile 48% of ARR in Q2FY24 (FY23Q2: 8%)
- ARR growth underpins future cash generation and profitability.

Spacetalk Mobile subscriber growth of 978% on prior year demonstrates execution of strategy



- 10% growth in total APP & Spacetalk Mobile subscribers from December 22 to December 23
- Spacetalk Mobile subscribers 37% of total subscribers at December 23, vs 11% in prior comparative period
- Strong Spacetalk Mobile subscriber growth in 1H24 of 77% vs closing FY23 reflects strong peak Nov/Dec performance
- Change in subscriber mix will result in higher revenue as Spacetalk Mobile is ~3x App revenue per user



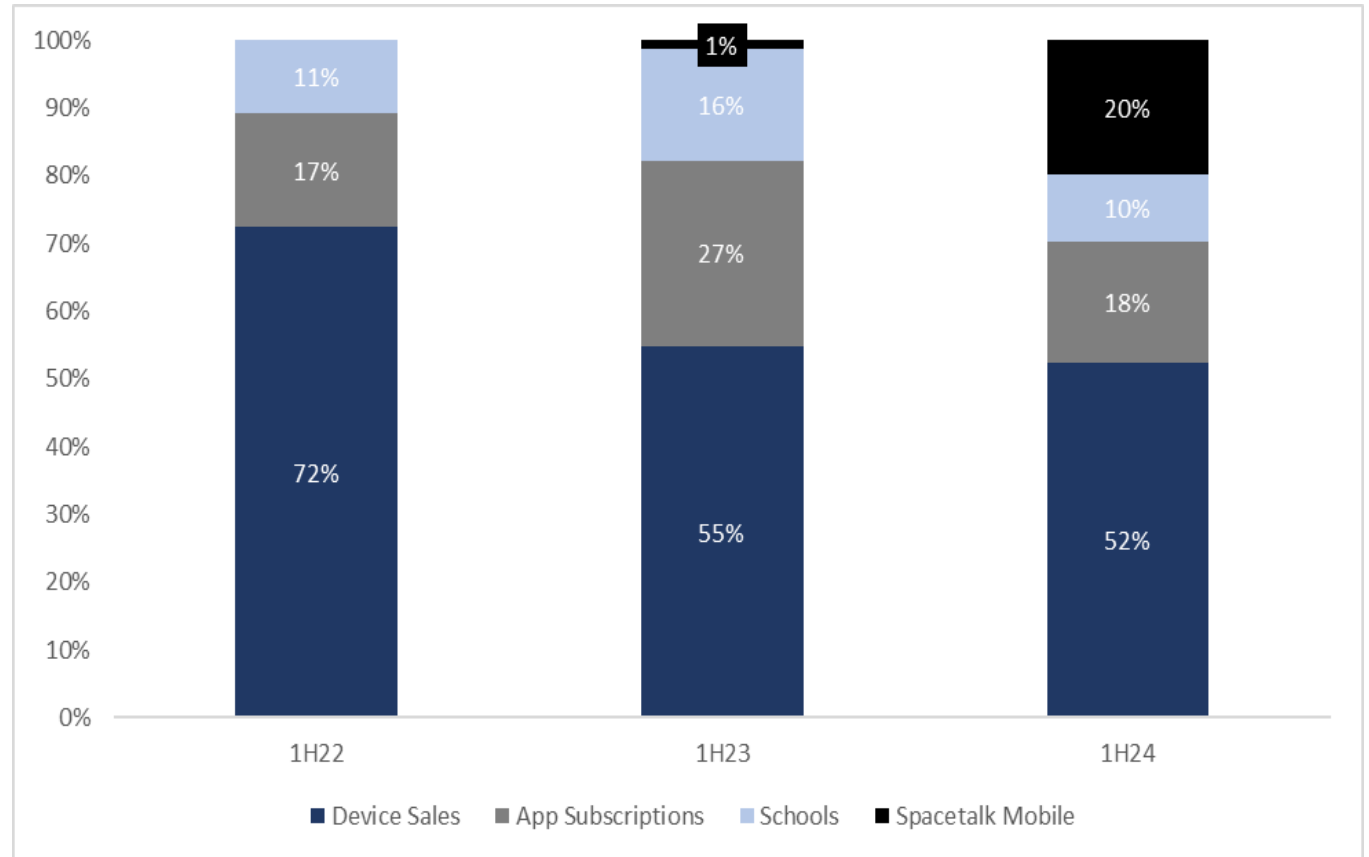


Subscription revenue increasing, underpinned by rapid growth of Spacetalk Mobile revenue



- Continued shift from device revenue to recurring revenue, while growing total revenue
- 1H24 recurring revenue was 48% (1H23:46%) of total revenue
- Spacetalk Mobile and App revenue 81% (1H23: 66%) of recurring revenue
- Recurring revenue is higher margin, lower working capital needs and has greater cash generation

Revenue Mix



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Safety at every stage of life

**Spacetalk Limited (ASX:SPA)
1H24 Investor Update Presentation**

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