Spacetalk Ltd
Appendix 4D
Half-year Report

1. Company details

Name of entity:	Spacetalk Ltd
ABN:	93 091 351 530
Reporting period:	For the half year ended 31 December 2024
Previous period:	For the half year ended 31 December 2023

2. Results for announcement to the market

	31 December 2024 $	31 December 2023 $	Change on previous period $	Change on previous period %
Revenues from ordinary activities	10,298,971	9,181,617	1,117,354	12%
Loss from ordinary activities after tax attributable to the owners of Spacetalk Limited	(991,125)	(3,430,335)	2,439,210	-71%
Loss for the half year attributable to the owners of Spacetalk Limited	(1,038,484)	(4,027,790)	2,989,306	-74%

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Brief Explanation on Results
Please refer to the Interim Financial Statements, Review of Operations on pages 3 to 8.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(6.8)	(8.8)

The 10-to-1 share consolidation in November 2024 impacted NTA per share. It was 0.88 cents in the prior period.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts are in the process of being audited.

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11. Attachments

Details of attachments (if any):

The Interim Financial Statements of Spacetalk Ltd for the half year ended 31 December 2024 are attached.

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12. Signed

Georg Chmiel
Chair

Date: 25 February 2025

Spacetalk Ltd

ABN 93 091 351 530

Interim Financial Statements

For the half year ended 31 December 2024

Spacetalk Ltd
Contents
31 December 2024

Corporate Directory

Registered Office	Level 2 104 Frome Street Adelaide SA 5000 Australia
Principal place of business	Level 2 104 Frome Street Adelaide SA 5000 Australia **Email:** support@spacetalk.co
Share Registry	BoardRoom Pty Ltd Level 8, 210 George Street Sydney NSW 2000, Australia **Telephone:** 1300 737 760 **Overseas Callers:** +61 2 9290 9600 **Email:** enquiries@boardroomlimited.com.au
Auditor	RSM Australia
Stock Exchange listing	Spacetalk Ltd shares are listed on the Australian Securities Exchange (ASX code: **SPA**)
Website	https://spacetalk.co/

Review of operations & financial results

PRINCIPAL ACTIVITIES

Spacetalk Limited (ASX: SPA) is a family safety technology business that develops and sells hardware and software products that address safety concerns at every stage of life. Spacetalk Mobile is a MVNO that sells mobile plans that connect our products and families. As a package, the company's product ecosystem provides a complete digital solution that supports safety and security for families across their life stages and for employees working in remote settings. The company's unique proprietary ecosystem, which has continued to evolve over time, is today recognised as a leader in family safety and the connected wearables industry.

The Spacetalk technology platform comprises both market-leading hardware and a trusted, client-controlled software platform that provides safety and security to users via the benefits of mobile technology. The multi-functional SaaS Spacetalk App can be customised, giving clients the ability to enable or disable individual features. Parents are empowered to block their kids' access to the open internet, social media, and inappropriate adult content while simultaneously blocking calls and messages from unknown senders. The app can also monitor the location of vulnerable family members, including children and seniors, bringing enhanced peace of mind for the entire family.

Spacetalk's core wearables hardware is effectively a kids first mobile phone. It offers all the benefits of a smart device, operating on a secure, private, and parent-controlled ecosystem that can be customised to reflect each family's needs and values.

KEY PERFORMANCE HIGHLIGHTS

Income statement ($'000):	**1H25**	**1H24**	**% Change**
Revenue from continuing operations	10,299	9,182	12%
Gross profit from continuing operations	5,241	4,211	24%
Total expenses from continuing operations	(5,359)	(6,946)	-23%
EBITDA	(118)	(2,735)	-96%
Discontinued operations	(47)	(597)	-92%
Loss after income tax attributable to the owners of Spacetalk	(1,038)	(4,028)	-74%
Quality of Revenue			
Annual Recurring Revenue($m)	11.0	9.5	16%
Paid Mobile Subscribers ('000)	40	26	54%

FINANCIAL PERFORMANCE

Revenue Growth & Margin Expansion

For the half year ended 31 December 2024, total revenue from continuing operations reached $10.3M, up 12% compared to the prior corresponding period. This growth was driven by continued strong performance in mobile subscriptions, with revenue in this segment increasing by $1.2M.

The 54% increase in mobile subscribers (from 26k in 1H24 to 40k in 1H25) highlights the success of our strategy in building a high-margin, recurring revenue ecosystem. Growth was supported by both new customer acquisitions and strong retention rates.

Revenue mix continues to shift towards subscription-based revenue streams, particularly in mobile services. While app revenue declined by 25%, this reflects a planned transition as users move to mobile subscriptions, where engagement remains strong. The app remains a core component of the ecosystem, with enhancements underway to support future monetisation opportunities.

Annual Recurring Revenue (ARR) increased by 16% compared to the prior corresponding period to $11M, reinforcing our focus on sustainable, predictable revenue growth. As part of our global expansion strategy, new markets are being approached with ARR-first go-to-market models, ensuring scalable and efficient growth.

	1H25		1H24		PCP Change	
	Revenue	Gross Profit	Revenue	Gross Profit	Revenue	Gross Profit
Devices	4,613	1,369	4,710	1,041	(2%)	32%
Mobile	3,040	1,625	1,881	1,154	62%	41%
Apps	1,220	865	1,618	1,123	(25%)	(23%)
Schools	918	877	908	845	1%	4%
Seniors	53	50	40	23	33%	117%
Corporate	455	455	25	25	1720%	1720%
TOTAL	**10,299**	**5,241**	**9,182**	**4,211**	**12%**	**24%**

Gross profit rose 24% to $5.2M, reflecting the shift towards higher-margin revenue streams. Gross profit margin expanded from 46% in 1H24 to 51% in 1H25, driven by improved product mix and operational efficiencies. From a hardware perspective, margin improvement was due to avoiding the discounting of old stock, which impacted the prior period. The increasing contribution of mobile subscriptions has significantly strengthened overall margins, positioning the business for sustained profitability.

Operating Expenses & Cost Optimisation

Operating expenses decreased by 23% to $5.3M in 1H25 (1H24: $6.9M), reflecting the benefits of ongoing cost optimisation efforts and improved operational efficiency.

Key drivers of the cost reduction include:

- Lower employee-related expenses due to organisational restructuring and streamlined operations.
- Reduction in corporate expenses through improved internal processes and cost discipline.
- Efficiency gains from administrative overhead optimisation without impacting revenue growth.

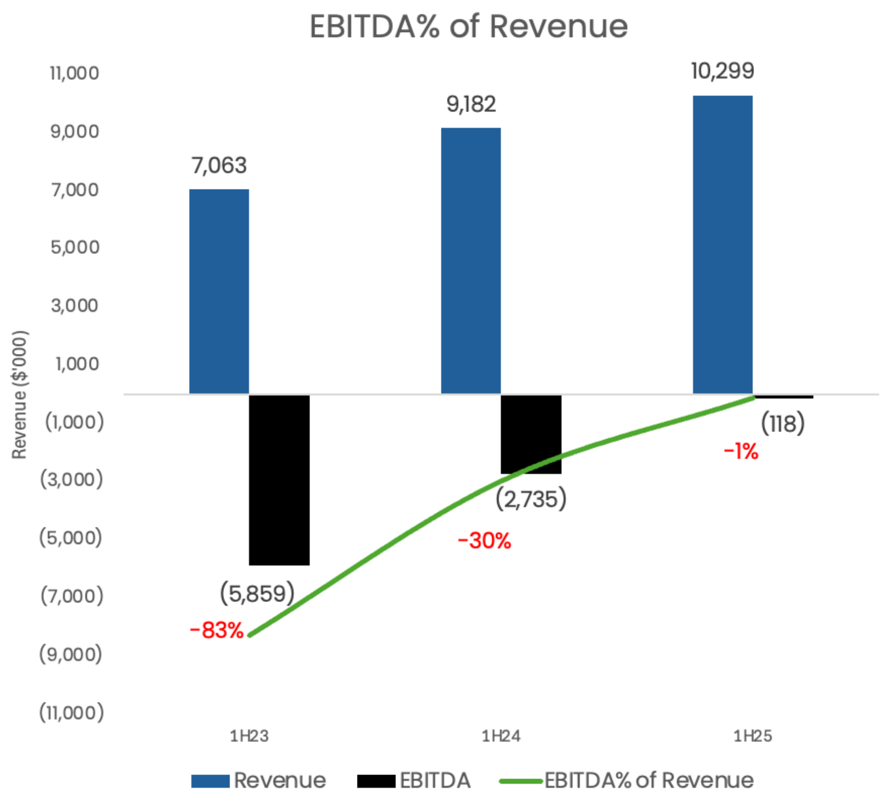
The restructuring and cost-out program implemented in 2H24 has strengthened the company's operating leverage. This disciplined approach to cost management has allowed for financial flexibility while continuing investment in strategic growth initiatives.

We remain focused on maintaining a lean and efficient operating structure, ensuring costs remain aligned with revenue growth. Should market conditions require further adjustments, the business is well-positioned to scale back costs while preserving core capabilities.

This cost discipline, combined with increasing gross margins, positions the business for sustained profitability and positive cash generation in the coming periods.

Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)

EBITDA improved significantly, reflecting the combined impact of strong revenue growth, a 24% increase in gross profit, and disciplined cost management. EBITDA losses narrowed from ($2.7M) in 1H24 to ($0.1M) in 1H25, an improvement of 96%.



Key drivers of the EBITDA turnaround include:

- Growth in high-margin recurring revenue, particularly mobile subscriptions.
- A 24% increase in gross profit, supported by a better revenue mix and the absence of prior-period stock discounting.
- A 23% reduction in operating expenses, driven by restructuring and efficiency gains.

The company's shift towards a subscription-led business model has strengthened earnings resilience and is expected to continue driving operating leverage. While EBITDA remains slightly negative in 1H25, further improvements in revenue scale and cost efficiencies are expected to support a transition to sustained positive EBITDA in future.

Cash Flow

Cost efficiency measures, including reduced people costs and tighter expense control, contributed to a $0.6M improvement in net cash used in operating activities**,** reducing outflows to -$1.7M in 1H25 (1H24: -$2.2M). This reflects the company's ongoing efforts to align costs with revenue growth while maintaining operational stability.

Summary cash flow statement ($'000)	**1H25**	**1H24**	**% Change**
Receipts from customers	7,957	9,810	-19%
Cash Paid to suppliers and employees	(9,262)	(11,805)	-22%
Net cash used in operating activities	**(1,666)**	**(2,236)**	**-25%**
Purchase of intangible assets	(652)	(944)	-31%
Cash used in investing activities	**(659)**	**(976)**	**-32%**
Cash flow before financing activities	(2,325)	(3,212)	-28%
Cash flow from financing activities	**2,971**	**3,106**	**-4%**
Net decrease (increase) in cash and cash equivalents	646	(141)	-558%
Cash and cash equivalents at year end	**2,419**	**2,885**	**-16%**

Cash flow before financing activities improved by $0.9M to -$2.3M (1H24: -$3.2M), driven by disciplined cost management and lower cash outflows from operations. This improvement supports the company's strategy of increasing financial flexibility while continuing to invest in sustainable revenue streams.

The successful equity raise further strengthened the balance sheet, ensuring sufficient liquidity to support ongoing operations and future growth initiatives. The company ended the period with cash and cash equivalents of $2.4M, positioning it well to execute towards its strategic objectives while maintaining financial stability.

GROWTH STRATEGY

With the business now stabilised, we are focused on the next phase of growth through disciplined expansion and continued development of our product ecosystem. Our strategy is designed to drive sustainable, high-margin recurring revenue while maintaining a capital-light approach to market entry.

Key growth areas include:

- **International expansion:** We are entering new markets with a subscription-first approach, ensuring that recurring revenue is prioritised from the outset. This expansion is designed to be capital-light, minimising risk while maximising long-term value.
- **Seniors market opportunity:** As part of our ecosystem expansion, we are increasing our focus on the growing seniors market. By leveraging our technology and subscription model, we see an opportunity to provide long-term value to this growing segment.
- **Product evolution:** Enhancements to our technology ecosystem, including app improvements and expanded service offerings, will support both customer acquisition and retention.
- **Operational efficiency:** Maintaining a disciplined cost structure will ensure that growth is both scalable and profitable. Our ability to manage expenses while expanding will continue to drive operating leverage.

We remain committed to executing a strategic, measured approach to growth, ensuring that every initiative aligns with our long-term vision of building a high-margin, subscription-based business.

EVENTS AFTER THE REPORTING DATE

Since the period end, on 24 February 2025, Spacetalk successfully refinanced its loan facility providing additional financial flexibility.

Key terms:
Total loan balance remains at $5,000,000.

Repayment schedule:

- From March 2025, $100,000 will be repaid per month until February 2026.
- From March 2026, $125,000 will be repaid per month until March 2027.
- The remaining principal balance is due on 31 March 2027.

Interest remains at 9.5% per annum.

Covenants:
The Group's minimum cash balance must remain above $750,000 at all times.
Specific EBITDA covenants must be met from June 2025.

SUMMARY OF KEY BUSINESS RISKS

The Group operates in a highly competitive and rapidly changing sector, which provides both opportunities and challenges. While some of these challenges and risks may be out of the Group's control, we have made, and continue to make investments in our risk management and control frameworks to ensure we can respond to and mitigate the impact of these risks as they arise, whether they result from regulatory changes, shifts in the competitive environment, or other circumstances over which the Group has no control.

MATERIAL RISK AREAS	WHAT WE ARE DOING TO MANAGE THE RISK
Capital and funding Challenges in securing sufficient debt and equity funding could impact our ability to effectively execute our strategy.	• Regular communications and close relationship with debt funder. • Close management of cash flow.
Strategic Staying responsive to shifts in the competitive landscape is essential. Ensuring our strategic actions are well-aligned with these changes will help maintain our market position.	• Regular discussions of strategy and strategic initiatives with the Board. • Periodic measurement of results against targets. • Strengthen capability with experts who possess a good command of the environment.
Technology Underinvesting in developing and maintaining systems which support innovation and growth.	• Clear definition of technology roadmap. • Understanding changing customer needs and responding with the necessary technology improvements.
People Attracting and retaining staff who align with our culture and can drive innovation and customer-focused solutions.	• Remuneration and benefits structure to retain and attract top talent. • Clear and consistent on our culture and values.
Macroeconomic Staying attuned to broader economic and retail trends is important to ensure our strategy remains relevant and effective.	• Analyse and monitor economic and retail conditions, at a minimum, to identify shifts and take steps to manage potential impacts.
Environment and climate: Proactively understanding and addressing environmental risks and impacts will be vital to our long-term sustainability.	• Review processes and practices to reduce impact on the environment. • Develop reporting on our environmental footprint.

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Spacetalk Limited and its controlled entities for the half year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

GNS

Gary Sherwood
Partner

Sydney, NSW
Dated: 25 February 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Spacetalk Limited and its controlled subsidiaries

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Spacetalk Limited which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Spacetalk Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Spacetalk Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Material Uncertainty Related to Going Concern

We draw your attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss after tax of $1,038,484 during the half year ended 31 December 2024. As at that date, the Group had net liabilities and net current liabilities of $2,058,565 and $1,319,474 respectively. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Spacetalk Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

GNS

Gary Sherwood
Partner

RSM Australia Partners

Sydney, NSW
Dated: 25 February 2025

In the directors' opinion:

- The attached condensed half-year financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the six-month period ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Georg Chmiel

Chair

25 February 2025

Spacetalk Limited

Consolidated Financial Statements for the 6 months ended 31 December 2024

Statement of Profit or Loss and Other Comprehensive Income

Figures in $	Notes	31 December 2024	31 December 2023
Revenue from continuing operations	2	10,298,971	9,181,617
Cost of sales	2	(5,057,691)	(4,970,546)
Gross profit		**5,241,280**	**4,211,071**
Expenses from continuing operations			
Corporate and administration		(1,476,469)	(1,661,008)
Advertising and marketing		(882,284)	(633,735)
Employee benefits expense		(3,245,056)	(3,926,853)
Cost relating to debt restructuring		-	(191,954)
Share based payments		(174,745)	(71,706)
Write down of intentory		-	(89,940)
Fair value gain on fair value of derivatives		114,338	(349,303)
Profit/(loss) on foreign exchange		305,606	(21,527)
Total expenses from continuing operations		**(5,358,610)**	**(6,946,026)**
Loss from continuing operations before depreciation and amortisation, interest and income tax expense		**(117,330)**	**(2,734,955)**
Depreciation and amortisation expense		(639,361)	(448,130)
Loss from continuing operations before interest and income tax expense		**(756,691)**	**(3,183,085)**
Interest income		6,228	-
Interest expense		(240,662)	(247,250)
Loss from continuing operations before income tax expense		**(991,125)**	**(3,430,335)**
Income tax expense		-	-
Loss after income tax expense from continuing operations		**(991,125)**	**(3,430,335)**
Loss after income tax expense from discontinued operations	6	(47,359)	(597,455)
Loss after income tax expense for the year attributable to the owners of Spacetalk Limited		**(1,038,484)**	**(4,027,790)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(366,757)	2,466
Other comprehensive loss/(profit) for the year, net of tax		**(366,757)**	**2,466**
Total comprehensive loss for the year attributable to the owners of Spacetalk Limited		**(1,405,241)**	**(4,025,324)**

Statement of Profit or Loss and Other Comprehensive Income

Figures in $	Notes	31 December 2024	31 December 2023
Total comprehensive loss for the year is attributable to:			
Continuing operations		(1,357,882)	(3,427,869)
Discontinued operations		(47,359)	(597,455)
		(1,405,241)	**(4,025,324)**
Earnings per share from continuing and discontinuing operations attributable to owners of Spacetalk Limited			
Basic and diluted earnings per share (cents)			
Basic and diluted loss per share from continuing operations		(2.46)	(8.79) *
Basic and diluted loss per share from discontinuing operations		(0.09)	(1.53) *
Total basic and diluted loss per share		**(2.54)**	**(10.33)** *

* Basic and diluted earnings per share were restated to reflect the 10-to-1 share consolidation. Prior to the consolidation, the basic and diluted loss per share from continuing operations was 0.88 cents, while the basic and diluted loss per share from discontinued operations was 0.15 cents, resulting in a total basic and diluted loss per share of 1.03 cents.

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 as at 31 December 2024

Figures in $	Notes	31 December 2024	30 June 2024
Assets			
Current assets			
Cash and cash equivalents		2,419,302	1,770,292
Trade and other receivables	5	3,426,321	1,104,217
Inventories		2,180,968	1,516,742
Other current assets		1,216,803	965,473
Total current assets		**9,243,394**	**5,356,724**
Non-current assets			
Property, plant and equipment		108,431	112,005
Right-of-use assets		135,141	197,660
Intangible assets	7	2,278,718	2,192,517
Total non-current assets		**2,522,290**	**2,502,182**
Total assets		**11,765,684**	**7,858,906**
Liabilities			
Current liabilities			
Trade and other payables	9	3,651,159	2,791,586
Contract liabilities		2,826,404	2,053,121
Provisions		1,897,230	1,227,585
Derivative liabilities	10	304,588	418,925
Lease liabilities	11	133,487	128,753
Borrowings	12	1,750,000	5,000,000
Total current liabilities		**10,562,868**	**11,619,970**
Non-current liabilities			
Provisions		-	22,320
Lease liabilities	11	11,381	78,936
Borrowings	12	3,250,000	-
Total non-current liabilities		**3,261,381**	**101,256**
Total liabilities		**13,824,249**	**11,721,226**
Net assets/(liabilities)		**(2,058,565)**	**(3,862,320)**
Equity			
Issued capital	8	44,359,311	40,801,715
Accumulated losses		(46,577,916)	(45,539,432)
Reserves		160,040	875,397
Total equity/(deficiency)		**(2,058,565)**	**(3,862,320)**

Statement of Changes in Equity

Figures in $	Issued capital	Foreign currency translation reserve	Share based payment reserve	Accumulated loss	Total
Balance at 1 July 2023	37,892,503	154,005	149,161	(39,303,142)	(1,107,473)
Changes in equity					
Loss for the year	-	-	-	(4,027,790)	(4,027,790)
Other comprehensive income	-	2,466	-	-	2,466
Total comprehensive income for the year	-	2,466	-	(4,027,790)	(4,025,324)
Transactions with owners in their capacity as owners					
Contributions of equity, net of costs	2,776,995	-	341,599		3,118,594
Conversion of rights to shares	120,017	-	(120,017)	-	-
Share-based payments	-	-	71,706	-	71,706
Balance at 31 December 2023	**40,789,515**	**156,471**	**442,449**	**(43,330,932)**	**(1,942,497)**
Balance at 1 July 2024	40,801,715	45,866	829,531	(45,539,432)	(3,862,320)
Changes in equity					
Loss for the year	-	-	-	(1,038,484)	(1,038,484)
Other comprehensive income	-	(366,757)	-	-	(366,757)
Total comprehensive income for the year	-	(366,757)	-	(1,038,484)	(1,405,241)
Transactions with owners in their capacity as owners					
Capital raised	3,340,785	-	-	-	3,340,785
Capital raising costs	(306,534)	-	-	-	(306,534)
Conversion of rights to shares	458,345	-	(458,345)	-	-
Transfer of shared based payment reserve to issued capital	65,000	-	(65,000)	-	-
Employee rights expense	-	-	174,745	-	174,745
Balance at 31 December 2024	**44,359,311**	**(320,891)**	**480,931**	**(46,577,916)**	**(2,058,565)**

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

Statement of Cash Flows

Figures in $	Note	31 December 2024	31 December 2023
Cash flows used in operations			
Cash receipts from customers		7,956,599	9,810,433
Cash paid to suppliers and employees		(9,261,717)	(11,804,744)
Interest paid		(361,039)	(242,052)
Net cash flows used in operating activities		**(1,666,157)**	**(2,236,363)**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(7,007)	(32,788)
Purchase of intangible assets		(652,462)	(943,619)
Cash flows used in investing activities		**(659,469)**	**(976,407)**
Cash flows from financing activities			
Proceeds from issue of shares		3,340,785	3,389,409
Costs associated with issue of shares		(306,534)	(225,095)
Repayments of lease liabilities		(62,821)	(58,304)
Cash flows from financing activities		**2,971,430**	**3,106,010**
Net increase / (decrease) in cash and cash equivalents before effect of exchange rate changes		**645,804**	**(106,760)**
Effect of exchange rate changes on cash and cash equivalents		3,206	(34,575)
Net increase / (decrease) in cash and cash equivalents		**649,010**	**(141,335)**
Cash and cash equivalents at beginning of the year		1,770,292	3,026,164
Cash and cash equivalents at end of the year		**2,419,302**	**2,884,829**

The Group has elected to present a statement of cash flows that analyses all cash flows in total - i.e. including both continuing and discontinuing operations. Refer to Note 6 for details on cash flows from discontinuing operations.

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

Notes to the financial statements

1. Material accounting policy information

Statement of compliance

The condensed half-year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include all the information required for an annual financial report and shall be read in conjunction with the most recent annual financial report.

The annual financial report of the company as at and for the year ended 30 June 2024 is available on the Company's website at www.spacetalk.co.

Basis of preparation

The Consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2024 annual financial report for the financial year ended 30 June 2024 except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to Accounting Standards and new interpretations that are mandatorily effective for the current reporting period

There are none that have a material impact for the Group to consider for the reporting period ended 31 December 2024.

Critical accounting judgements and estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.The actual results may differ from the judgements, estimates and assumptions made by management.The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the 2024 Annual Financial report.

Going concern

The Group reported a net asset deficiency of $2,058,565 as at 31 December 2024 (31 December 2023: $3,862,320) and recorded a net loss after tax of $1,038,484 for the 6 months ended 31 December 2024 (6 months to 31 December 2023: net loss after tax $4,027,790).

While these figures reflect an improving financial position, they continue to indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Despite this, the Directors have prepared the financial statements on a going concern basis, having assessed that the Group has sufficient resources to meet its obligations for at least 12 months from the date of signing these financial statements.

Key Developments After 31 December 2024:

On 24 February 2025, the Group successfully refinanced its borrowing facility, enhancing financial flexibility.

Key terms of the revised debt facility:

- The total loan balance remains at $5,000,000.
- Repayment schedule:
    - From March 2025, $100,000 will be repaid per month until February 2026.
    - From March 2026, repayments increase to $125,000 per month until March 2027.
    - The remaining principal balance is due on 31 March 2027.
- Interest rate remains at 9.5% per annum.

Notes to the financial statements

Material accounting policy information continued...

Loan Classification Adjustment:

- Under the previous arrangement, the loan balance was classified as:
  - o $1,750,000 current liability
  - o $3,250,000 non-current liability
- Under the new repayment schedule, the loan balance is now classified as:
  - o $1,000,000 current liability
  - o $4,000,000 non-current liability

This reclassification provides greater financial flexibility by shifting more of the repayment obligations into the non-current portion, reducing near-term cash flow pressure.

Covenants:
- The Group's minimum cash balance must remain at $750,000 at all times.
- EBITDA covenants: Specific targets to be met quarterly from 30 June 2025 onwards.

Warrant adjustments:
- As part of the refinancing agreement, the warrant for 9,000,000 shares, exercisable at $0.23 and expiring on 18 March 2025, was cancelled.
- A new warrant for 9,000,000 shares, exercisable at $0.23 and expiring on 31 March 2027, was issued, subject to shareholder approval.

Management's Going Concern Assessment
The Directors have considered the following factors in concluding that the Group remains a going concern:

1. Revenue Growth & Market Expansion
- Continued revenue growth year-on-year, driven by higher-margin mobile services, app monetisation, and market expansion.
- Expansion into new markets using a capital-light model, reducing fixed cost exposure.

2. Improved Financial Position & Cost Management
- Gross profit increased to $5.2M (from $4.2M in 1H FY24).
- Corporate and employee expenses reduced, improving cost efficiency.
- Significant reduction in discontinued operations losses, allowing full focus on core business.
- Cash flow risks exist related to inventory purchases and revenue timing, but these risks are manageable through further cost reductions.

3. Debt Management & Financial Flexibility
- The new repayment structure replaces previous lump-sum repayments with smaller, predictable instalments, easing cash flow constraints.
- Debt covenants are expected to be met, but management will monitor and adjust costs as necessary to remain compliant.

Conclusion on Going Concern
The Directors believe the preparation of the financial report on a going concern basis is appropriate given the financial forecasts, refinancing, and cost management initiatives in place. However, if revenue growth or cost reductions do not materialise as expected, the Group may need to take further cost-cutting measures or explore alternative funding options to ensure liquidity.
No adjustments have been made to the carrying amount of assets and liabilities should the Group not continue as a going concern.

2. Segment revenues and results

2.1 Products and services from which reportable segments derive their revenues

Factors used to identify the entity's reportable segments, including the basis of organisation (for example, whether management has chosen to organise the entity around differences in products and services, geographical areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated.

The CODM reviews GP (Gross Profit). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

The Group operates predominately in six business segments, defined by the Group's different product and service offerings.

The Group's reportable segments under AASB 8 are therefore as follows:

- Devices	Device segments supply the 'Spacetalk' smartwatches through retail distribution networks and online sales.
- Schools	The schools segment provides school messaging services and licence fees to various schools.
- Spacetalk Mobile	Spacetalk Mobile segment sells mobile services under the 'Spacetalk' brand name using the network of a licensed mobile operator.
- Apps	Apps segment supply the 'Spacetalk' smartwatches customers the device agnostic (open) mobile application products.
- Seniors	The Seniors segment comprises the aggregate of all hardware and app related services provided to the seniors market.
- Corporate	'Corporate' is the aggregation of the Group's other various sundry income and expenses in the corporate level.

This is the basis by which management controls and reviews the operations of the Group. Segment results are routinely reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance on the same basis. No operating segments have been aggregated in arriving at the reportable segments of the group.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Refer to Note 6 for details of discontinued operations during the current financial year.

Notes to the Financial Statements

Amounts in $

Segment revenues and results continued...

2.2 Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Total segment revenue	Other revenue	Revenue from external customers
Period ended 31 December 2024			
Devices	4,612,744	-	**4,612,744**
Schools	918,284	-	**918,284**
Spacetalk Mobile	3,039,780	-	**3,039,780**
Apps	1,219,569	-	**1,219,569**
Seniors	53,474	-	**53,474**
Corporate	-	455,120	**455,120**
Total segment revenues	**9,843,851**	**455,120**	**10,298,971**
Period ended 31 December 2023			
Devices	4,709,753	-	**4,709,753**
Schools	908,301	-	**908,301**
Spacetalk Mobile	1,880,686	-	**1,880,686**
Apps	1,618,127	-	**1,618,127**
Seniors	39,871	-	**39,871**
Corporate	-	24,879	**24,879**
Total segment revenues	**9,156,738**	**24,879**	**9,181,617**

Timing of revenue recognition		
Recognised at a point in time	5,121,338	4,774,503
Recognised over time	5,177,633	4,407,114
	10,298,971	**9,181,617**

Notes to the Financial Statements

Amounts in $

Segment revenues and results continued...

2.3 Gross profit

	Gross profit 2024	Gross profit 2023
Period ended 31 December 2024		
Gross Profit		
- Devices	1,368,462	1,040,942
- Schools	877,286	844,870
- Spacetalk Mobile	1,624,739	1,153,781
- Apps	865,199	1,123,612
- Seniors	50,474	22,987
- Corporate	455,120	24,879
Total gross profit	**5,241,280**	**4,211,071**
Expenses	(5,358,610)	(6,946,026)
EBITDA	**(117,330)**	**(2,734,955)**
Depreciation and amortisation expense	(639,361)	(448,130)
Interest income	6,228	-
Interest expense	(240,662)	(247,250)
Loss before income tax expense	**(991,125)**	**(3,430,335)**
Income tax expense	-	-
Loss after income tax expense	**(991,125)**	**(3,430,335)**

	Segment total assets	Segment total liabilities
Year ended 31 December 2024		
Operating	6,114,117	(9,062,883)
Corporate	5,651,567	(4,761,366)
Total assets and liabilities	**11,765,684**	**(13,824,249)**
Period ended 30 June 2024		
Operating	3,339,215	(5,457,493)
Corporate	4,519,691	(6,263,733)
Total assets and liabilities	**7,858,906**	**(11,721,226)**

Geographical information

The Group's revenue from external customers by geographical location are detailed below:

Revenue by geography	**31 December 2024**	**31 December 2023**
Australasia	9,788,858	8,773,718
Rest of the world	510,113	407,889
	10,298,971	**9,181,617**

Notes to the Financial Statements

Amounts in $

3. Share based payments

During the period, several employee performance rights were granted. These performance rights are issued for nil consideration and are awarded in accordance with performance guidelines established by the Remuneration Committee. Note that exercise price and dividend yields are nil.

The vesting of these performance rights is contingent on achieving specific performance targets relevant to the role. Key targets include:
• Annual Recurring Revenue (ARR) targets
• Free cash flow targets
• Volume-Weighted Average Price (VWAP) targets
Set out below are summaries of performance rights granted:

Grant date	Expiry date	Share price at grant date	Exercise price	Performance right life in years	Dividend yield	Fair value at grant date	Number of performance rights	Vesting date
21/11/2024	22/11/2024 *	$0.016	$-	-	$-	$0.016	3,088,550	22/11/2024
21/11/2024	31/09/2025 *	$0.016	$-	0.69	$-	$0.016	10,000,000	31/07/2025
06/12/2024	31/09/2025	$0.190	$-	0.73	$-	$0.190	343,914	06/12/2024

* This grant was issued before the 10-to-1 share consolidation, meaning the equivalent post-consolidation number would be 1,308,855 performance rights.

Please note that all of the above have no exercise price or dividend yield.

The expense in relation to these equity-settled share-based payment transactions have been included in profit and loss and credited to share based payment reserve. During the period, an expense of $174,745 has been recorded in relation to new and existing performance rights. The performance rights that were issued during the year were valued at the prevailing share market price on grant date.

Notes to the Financial Statements

Amounts in $

Share based payments continued...

The following table outlines the number of incentive rights on issue and movements during the reporting periods presented:

	Number of rights 31 December 2024	Weighted average exercise price for the half year ended 31 December 2024	Number of rights 30 June 2024	Weighted average exercise price for the financial year ended 30 June 2024
Outstanding at the beginning of the reporting period	45,648,242	-	4,917,999	-
Granted	13,088,550	-	68,157,292	-
Forfeited/Lapsed	(27,580,421)			
Exercised	(19,219,875)	-	(5,687,194)	-
Expired	-	-	-	-
Outstanding before consolidation	**11,936,496**	**-**	**45,648,242**	**-**
Consolidation of rights	1,193,650	-	-	-
Rouding due to consolidation	2	-	-	-
Granted after consolidation	343,914	-	-	-
Forfited/lapsed after consolidation	(30,000)			
Outstanding at end of the reporting period	**1,507,566**	-	**45,648,242**	**-**

Notes to the Financial Statements

Amounts in $

Share based payments continued...

Share options

Set out below are summaries of options granted:

Grant date	Expiry date	Number of options granted	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-Free Interest Rate (%)	Fair value at grant date
23/09/2024	22/09/2025*	16,686,970	0.023	0.035**	120.4%	0%	4.42%	-
24/09/2024	22/09/2025*	18,087,950	0.023	0.035**	120.4%	0%	4.42%	-
09/10/2024	22/09/2025*	10,936,446	0.023	0.035**	120.4%	0%	4.42%	-
10/10/2024	22/09/2025*	26,262,381	0.024	0.035**	120.4%	0%	4.42%	-

* These options were issued before the 10-to-1 share consolidation, meaning the equivalent post-consolidation number would be 7,197,375 options.

** These options were issued before the 10-to-1 share consolidation, meaning the equivalent post-consolidation exercise price is $0.35.

The following table outlines the number of options on issue and movements during the reporting periods presented:

	Number of options 31 December 2024	Number of options 30 June 2024
Outstanding at the beginning of the reporting period	162,957,980	43,275,962
Granted	71,973,747	119,682,018
Forfeited/lapsed	-	-
Exercised	-	-
Outstanding before consolidation	**234,931,727**	**162,957,980**
Consolidation of options	23,493,173	-
Rouding due to consolidation	180	-
Forfeited/lapsed	(4,327,665)	
Outstanding at end of the reporting period	**19,165,688**	**162,957,980**

No voting or dividend rights are attached to the options.

Notes to the Financial Statements

Amounts in $	31 December 2024	30 June 2024

4. Events after the reporting period

The following material event occurred after year end.

Restructure of the debt facility

On 24 February 2025, the Group successfully refinanced its borrowing facility, enhancing financial flexibility.

Key terms of the revised debt facility:

- The total loan balance remains at $5,000,000.
- Repayment schedule:
    - o From March 2025, $100,000 will be repaid per month until February 2026.
    - o From March 2026, repayments increase to $125,000 per month until March 2027.
    - o The remaining principal balance is due on 31 March 2027.
- Interest rate remains at 9.5% per annum.

Loan Classification Adjustment:

- Under the previous arrangement, the loan balance was classified as:
    - o $1,750,000 current liability
    - o $3,250,000 non-current liability
- Under the new repayment schedule, the loan balance is now classified as:
    - o $1,000,000 current liability
    - o $4,000,000 non-current liability

This reclassification provides greater financial flexibility by shifting more of the repayment obligations into the non-current portion, reducing near-term cash flow pressure.

Covenants:

- The Group's minimum cash balance must remain at $750,000 at all times.
- EBITDA covenants: Specific targets to be met quarterly from 30 June 2025 onwards.

Warrant adjustments:

- As part of the refinancing agreement, the warrant for 9,000,000 shares, exercisable at $0.23 and expiring on 18 March 2025, was cancelled.
- A new warrant for 9,000,000 shares, exercisable at $0.23 and expiring on 31 March 2027, was issued, subject to shareholder approval.

5. Trade and other receivables

Trade and other receivables comprise:

	31 December 2024	30 June 2024
Trade receivables	2,723,131	908,442
Less: Allowance for expected credit losses	(6,785)	(51,442)
Trade receivables - net	2,716,346	857,000
Other receivables	709,975	247,217
Total trade and other receivables	**3,426,321**	**1,104,217**

Notes to the Financial Statements

Amounts in $

6. Discontinued operations

During the 2023 financial year, the Company wound down its overseas operations in the UK, Europe, and the USA. As a result, the financial results for these discontinued operations have been classified accordingly as discontinued operations.

Financial information relating to the discontinued operation is disclosed below:

	31/12/2024	31/12/2023
Device sales	-	148,225
Sundry income	-	28,250
Total revenue	**-**	**176,475**
Cost of sales	-	(240,632)
Gross profit	**-**	**(64,157)**
Gain/(loss) on disposal of assets	15	-
Corporate and administration expenses	(47,136)	(428,182)
Advertising & marketing	37	(105,116)
Employee expenses	-	-
Foreign exchange (loss)/gain	(275)	-
Impairment of inventory	-	-
Loss for the year	**(47,359)**	**(597,455)**

Cash flows from discontinued operations

Net cash flows used in operating activities	(47,359)	(551,562)
Net cash flows from (used in) investing activities	-	-
Net cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents from discontinued operations	**(47,359)**	**(551,562)**

Notes to the Financial Statements

Amounts in $

7. Intangible assets

Reconciliation of changes in intangible assets

	Development costs	Distribution rights	Total
Reconciliation for the year ended 31 December 2024			
Balance at 1 July 2024			
At cost	24,243,941	-	**24,243,941**
Accumulated amortisation	(22,051,424)	-	**(22,051,424)**
Carrying amount	**2,192,517**	**-**	**2,192,517**
Movements for the year ended 31 December 2024			
Additions through internal development	652,462	-	**652,462**
Amortisation	(566,261)	-	**(566,261)**
Intangible assets at the end of the year	**2,278,718**	**-**	**2,278,718**
Closing balance at 31 December 2024			
At cost	24,896,403	-	**24,896,403**
Accumulated amortisation	(22,617,685)	-	**(22,617,685)**
Carrying amount	**2,278,718**	**-**	**2,278,718**
Reconciliation for the year ended 30 June 2024			
Balance at 1 July 2023			
At cost	22,460,737	441,017	**22,901,754**
Accumulated amortisation	(20,875,834)	(441,017)	**(21,316,851)**
Carrying amount	**1,584,903**	**-**	**1,584,903**
Movements for the year ended 30 June 2024			
Additions through internal development	1,400,464	-	**1,400,464**
Amortisation	(764,095)	-	**(764,095)**
Impairment loss recognised in profit or loss	(28,755)	-	**(28,755)**
Intangible assets at the end of the year	**2,192,517**	**-**	**2,192,517**
Closing balance at 30 June 2024			
At cost	24,243,941	-	**24,243,941**
Accumulated amortisation	(22,051,424)	-	**(22,051,424)**
Carrying amount	**2,192,517**	**-**	**2,192,517**

Notes to the Financial Statements

Amounts in $

8. Issued capital

Authorised and issued share capital

Movement in ordinary share capital

Details	Shares	$
Balance at 1 July 2023	**311,242,939**	**37,892,503**
Exercise of performance rights	5,687,194	120,017
Capital raised	154,091,276	3,389,409
Share issue costs		(600,214)
Balance at 1 July 2024	**471,021,409**	**40,801,715**
Exercise of performance rights	19,219,875	458,345
Capital raised	143,947,420	3,340,785
Capital raising costs	-	(306,534)
Transfer of shared based payment reserve to issued capital	3,571,428	65,000
Balance at 31 December 2024	**637,760,132**	**44,359,311**
Consolidation of shares *	63,776,013	44,359,311
Rounding due to fractional shares	348	-
Balance at 31 December 2024	**63,776,361**	**44,359,311**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holders to one vote, either in person or by proxy, at a meeting of the Group.

* Spacetalk announced that following shareholder approval at the Annual General Meeting on 20 November 2024, the consolidation of the issued capital of the Company on the basis of one (1) security for every ten (10) shares held has been completed.

Notes to the Financial Statements

Amounts in $	31 December 2024	30 June 2024

9. Trade and other payables

Trade and other payables comprise:

Trade payables	1,264,821	1,571,122
Income tax payable	-	7,841
Other payables	2,386,337	1,212,623
Total trade and other payables	**3,651,158**	**2,791,586**

10. Derivative liabilities

Derivatives	304,588	418,925

The Company has two existing warrants issued. The first was issued in 2022 for 9,000,000 shares, exercisable at $0.23 per share, expiring on 18 March 2025. The second was issued in 2024 for 2,000,000 , shares exercisable at $0.27 per share, expiring on 31 December 2026. Both warrant liabilities are measured at fair value through profit or loss. The warrants are repriced under certain conditions and hence have a variable exercise price. As a result, they are classified as liabilities.

As stated in Note 8, Spacetalk consolidation of the issued capital of the Company on the basis of one (1) security for every ten (10) shares held. Consequently, the number of warrants reduced from 110,000,000 to 11,000,000 from June 2024 to December 2024. Similarly, the share price and exercise price were also adjusted accordingly.

Key assumptions used in determining the fair value of the warrants at 30 June 2024:

Valuation date	**31 December 2024**
Share price at 31 December 2024	0.155
Exercise price	0.23 - 0.27
Expected volatility	120.37%
Warrant life remaining	0.211 - 2 years
Fair value per warrant at valuation date	0.0151 - 0.0843
Number of warrants issued	11,000,000
Total fair value of warrants	**304,588**

The inputs used in the valuation of derivatives are considered level 2 fair value hierarchy. There were no transfers between levels during the financial year.

Key assumptions used in determining the fair value of the warrants at 30 June 2024:

Valuation date	**30 June 2024**
Share price at 30 June 2024	0.017
Exercise price	0.0227 - 0.05
Expected volatility	92.97% - 107.5%
Warrant life remaining	0.72 - 2.5 years
Fair value per warrant at valuation date	0.0038 - 0.0053
Number of warrants issued	110,000,000
Total fair value of warrants	**418,925**

Notes to the Financial Statements

Derivative liabilities continued...

On 21 February 2025, subsequent to the period end, the warrant for 9,000,000 shares, exercisable at $0.23 and expiring on 18 March 2025, was cancelled.

A new warrant for 9,000,000 shares, exercisable at $0.23 and expiring on 31 March 2027, was issued, subject to shareholder approval.

11. Lease liabilities

Lease liabilities comprise:

Amounts in $	31 December 2024	30 June 2024
Lease obligation	144,868	207,689
Current liabilities	133,487	128,753
Non-current liabilities	11,381	78,936
	144,868	**207,689**

12. Borrowings

Borrowings comprise:

Amounts in $	31 December 2024	30 June 2024
Term loan	5,000,000	5,000,000
Non-current portion of borrowings	3,250,000	-
Current portion of borrowings	1,750,000	5,000,000
	5,000,000	**5,000,000**

Key Terms:
- Interest rate: remains at 9.50%
- Maturity date: extended to March 2027

Amortisation Schedule:
- March 2025: repay $1,000,000, leaving a total loan balance of $4,000,000
- September 2025: repay $750,000, leaving a total loan balance of $3,250,000
- March 2026: repay $1,000,000, leaving a total loan balance of $2,250,000
- March 2027: repay $2,250,000, fully repaying the loan.

On 24 February 2025, the Group successfully refinanced its borrowing facility, enhancing financial flexibility.

- The total loan balance remains at $5,000,000.
- Repayment schedule:
  - o From March 2025, $100,000 will be repaid per month until February 2026.
  - o From March 2026, repayments increase to $125,000 per month until March 2027.
  - o The remaining principal balance is due on 31 March 2027.
- Interest rate remains at 9.5% per annum.

Notes to the Financial Statements

Amounts in $	31 December 2024	30 June 2024

Borrowings continued...

Loan Classification Adjustment:

• Under the previous arrangement, the loan balance was classified as:
  - o $1,750,000 current liability
  - o $3,250,000 non-current liability

• Under the new repayment schedule, the loan balance is now classified as:
  - o $1,000,000 current liability
  - o $4,000,000 non-current liability

This reclassification provides greater financial flexibility by shifting more of the repayment obligations into the non-current portion, reducing near-term cash flow pressure.

Covenants:

• The Group's minimum cash balance must remain at $750,000 at all times.

• EBITDA covenants: Specific targets to be met quarterly from 30 June 2025 onwards.

Warrant Adjustments:

• As part of the refinancing agreement, the warrant for 9,000,000 shares, exercisable at $0.23 and expiring on 18 March 2025, was cancelled.

• A new warrant for 9,000,000 shares, exercisable at $0.23 and expiring on 31 March 2027, was issued, subject to shareholder approval.