



Growing Up to Growing Old:

Capturing the family safety technology market

Spacetalk Limited (ASX:SPA)
Investor Presentation

August 2024

spacetalk.co



Parents share common concerns about raising kids

Spacetalk products address the safety and wellbeing needs of kids and parents

59%

of parents are concerned about their child's social media usage¹

Spacetalk devices have no internet browser and no social media.

50%

of parents are concerned about their child's mental health¹

Spacetalk devices have emotions check-ins so parents and kids can share how they are feeling.

43%

of parents have concerns about their child's exercise, diet and sleep¹

Spacetalk devices capture activity and share daily exercise insights.

Seniors want to remain independent for as long as possible

Spacetalk products help the growing older population to stay at home safely for longer

By 2050, one in four Australians will be aged 65 years and over ²

~80% of Australians aged over 50 want to age in place ²

Spacetalk Life devices are mobile personal response system (MPERS) devices that automatically detect falls, share activity insights and enable seniors to retain their independence at home for longer

The number of people aged 65 years and over will overtake the number of children aged 0 to 14 years by 2025 ²

75% of Australians aged over 85 live in private dwellings ²

From growing up to growing old, Spacetalk delivers family safety at every stage of life



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**.

Our unique ecosystem

provides safety for the entire family.

Our unique approach

acquires whole families as customers.

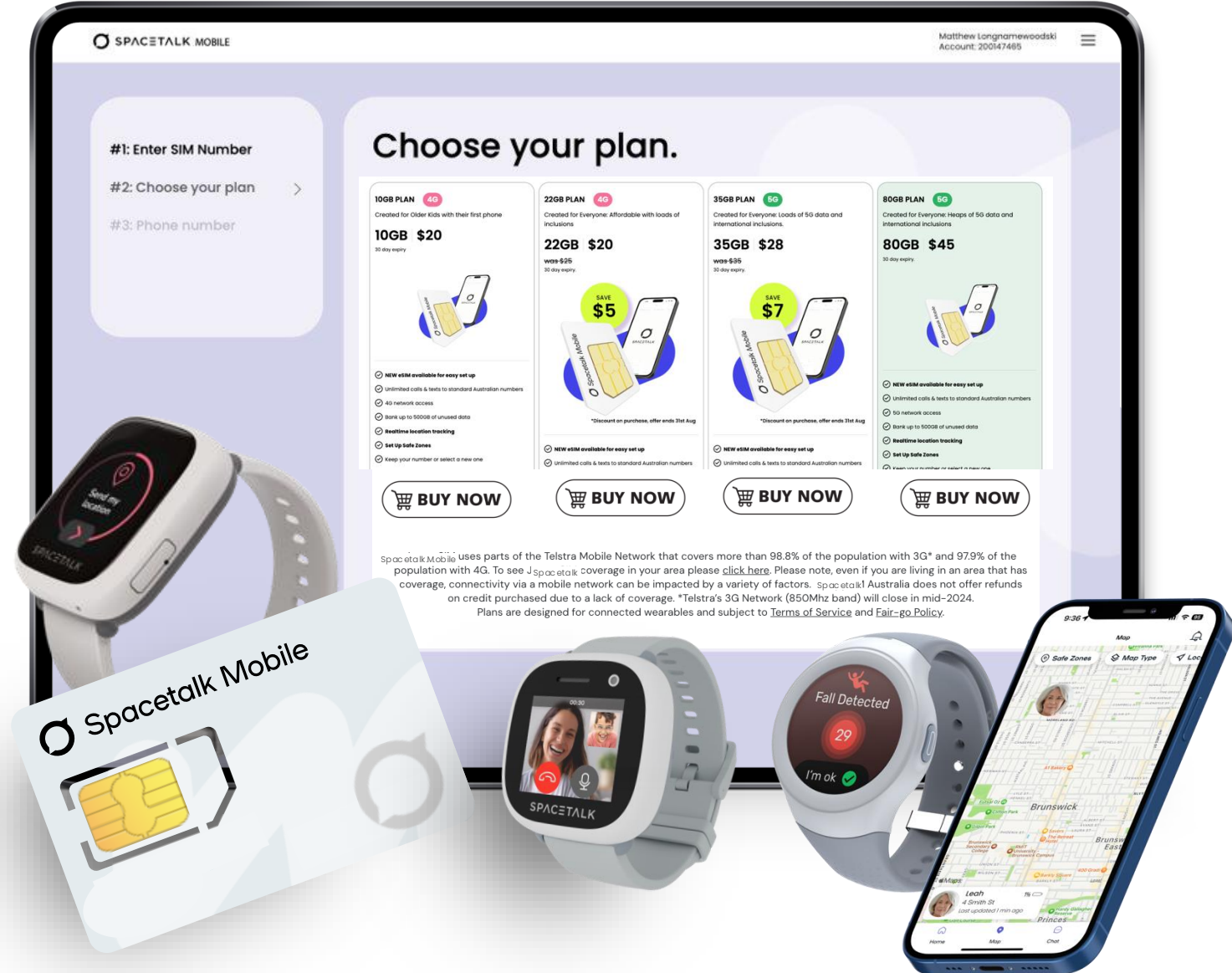
Spacetalk is a family safety technology business that develops and sells hardware and software products that address safety concerns at every stage of life

Spacetalk Mobile is a MVNO that sells mobile plans that connect our products and families.

Following a successful turnaround Spacetalk is focused on market expansion and new product development.

MVNO (Mobile Virtual Network Operator)

A selection of wearable device and family orientated mobile phone pre-paid plans. Spacetalk Mobile operates on the Telstra Wholesale Network.



Spacetalk

Product overview

Spacetalk's approach engages families early and is designed to retain them for life

Spacetalk **acquires families as customers earlier** than rivals, and creates **generational lifetime value**, from growing up to growing old.

Our updated app will enable **customer acquisition without hardware sales**, plus **extends customer lifetime value** beyond the use of wearable devices.

*Adventurer 2 only

Loop Wearable



Adventurer 2 Wearable



Adventurer 2 & Loop Wearables

Kids safety 4G phones in a wearable device. Features include video calling*, talk and text, GPS location tracking, school mode, no internet browsing or social media, emergency SOS, and tough Gorilla glass.

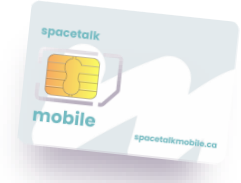
Life Wearable



Life MPERS Wearable

Seniors and workers 4G mobile personal emergency response system (MPERS) wearable that automatically detect falls, connects to 24/7 monitoring providers, calls SOS contacts, provides GPS location data and allows talk and text.

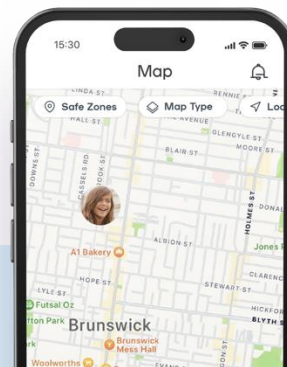
Spacetalk Mobile



Spacetalk Mobile

Spacetalk Mobile is a Mobile Virtual Network Operator (MVNO) that operates on the Telstra Network and delivers a range of wearable device and family orientated mobile phone pre-paid plans that connect Spacetalk wearable devices, and mobile phones for the whole family.

Spacetalk App



The Spacetalk App connects family smart phones or Spacetalk wearable devices, enabling customers to locate family members, and communicate with them at any time.

Safety features include restricting who can contact kids on their wearables devices and setting emergency call lists for SOS alerts.

Further developing the Spacetalk App increases customer acquisition and extends customer lifetime value beyond the use of wearable devices.

Turnaround complete and an exciting growth agenda for Spacetalk



The company has substantial, untapped opportunities to generate recurring revenue from software and hardware products.

With a rapidly growing customer base, Spacetalk is now well positioned to evolve its products into a unique family safety ecosystem, providing peace of mind and personal security at every stage of life.

Spacetalk's nascent presence in the seniors market holds tremendous potential. This segment, which is larger than the kids' market, represents a significant opportunity for intellectual property development and growth that we can unlock in coming quarters.

We are delivering the goals we set in May 2023, and Spacetalk is at the start of an exciting growth journey:

Phase 1: Refocus – Completed: From February 2023 to June 2024, new leadership has successfully refocused Spacetalk, transforming a FY23 loss of approximately \$14.6 million into generating free cash flow of approximately \$0.3 million in Q4FY24.

Phase 2: Growth – Underway: Spacetalk is rapidly building a software led, hardware enabled ecosystem, leveraging unique strengths in family safety technology to deliver our ARR goal.



Simon Crowther, CEO & MD

Joined February 2023

Simon 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.

Simon was CEO with AirMap, 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.



From transformation to growth

We have successfully reset and refocused the business and are now ramping up



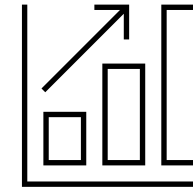
February 2023

Spacetalk was a consumer electronics hardware business



July 2023

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



August 2024

Spacetalk is focused on market development and geographical growth

Reset

Refocus

Ramp Up

On track to deliver

\$20m-\$25m

ARR business in 2026 (*Excludes device sales)




Turnaround achievements

Reset and Refocus

February 2023 – July 2024

In less than 17 months we have turned a FY23 loss of ~\$14.6M into a Q4FY24 free cash flow of ~\$0.3M and completely transformed the business.

| | Cost | Growth | Product |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Selected achievements – February 2023 to July 2024  | <ul style="list-style-type: none"> › Team: Reduced headcount from 54 to 23, while increasing expertise › Nearshore: Customer support team replaced with high quality, lower cost team in Fiji › Offshore: Selected finance functions moved to high quality, lower cost team in South Africa › Logistics: Changed 3PL to Invenco, a lower cost, higher quality, provider based on the East Coast closer to major population centres › Automation: Replaced legacy support and CX software with Gorgias AI capability freeing up support staff for revenue generating activities › Software: Rationalisation of expensive global instances of operational software › Spacetalk Mobile: Replaced eKYC vendor with FrankieOne, a lower cost, higher quality system. | <ul style="list-style-type: none"> › Expanded in NZ: Warehouse Group › Re-entered EU: Elisa Finland, with recurring revenue model › Spacetalk Mobile: Built and launched entirely new Spacetalk Mobile sales and onboarding front end › Spacetalk Mobile: ~400% growth in mobile subscribers › Ecommerce: Built and launched entirely new Shopify 2.0 instance optimising sales › Life Sales: Secured approved vendor agreements with several of the largest home care providers in Australia. › Retention: Significantly reduced Spacetalk Mobile monthly churn and optimised product mix. › Data: Implementation of data consolidation platform generating customer and marketing insights from previously inaccessible data. | <ul style="list-style-type: none"> › New Hardware: Kids Adventurer 2 wearable launched › New Hardware: Kids Loop wearable launched › New Hardware: Life wearable redeveloped as MPERS device with 24/7 monitoring integration › New Spacetalk Mobile Plans: New 18 month wearables plan; Four new mobile handset plans › New Spacetalk Mobile Connectivity: Launched eSIM for all plans › New App: Launch and successful test in market of Reach App, opening the Spacetalk ecosystem to any smartphone › New App: Parent<>School communication app that has acquired thousands of parents into the Spacetalk marketing database. |

Ramp up

Spacetalk is focused on market expansion and product development

Growth Platforms

Market Expansion

- › Growing international markets with new and active channel partners

Growth Strategy Delivery

- › **Product:** Spacetalk App to increase customer lifetime value and acquire new users
- › **Product:** Premium Kids wearables to reduce COGS and enhance usability
- › **Product:** Seniors wearables to reduce COGS and enhance sensors
- › **Product:** SaaS that turns wearable sensor data into insights
- › **Marketing:** Customer Data Platform to capture whole of family relationship view and deliver always on, personalized marketing and customer experience



Growth strategy

Significant growth opportunities

Spacetalk is delivering a multi-platform growth strategy...



Geographic Market Expansion

Spacetalk has taken the first step to re-enter EU markets with an active channel partnership in Finland.

Focus is now on expanding sales channels within European and North American geographies.



Increase Customer Lifetime Value

Spacetalk's kids wearables products have attracted a large, engaged customer base of families with kids aged ~7-11 years, but kids grow out of their devices.

Focus is now on developing new hardware to continue to engage families earlier, and an enhanced Spacetalk App that retains families as customers as kids graduate from a Spacetalk wearable to a mobile phone, and allows families with tweens, teens and older relatives to be acquired as lifelong customers directly.



Seniors Market Development

Spacetalk's Life MPERS wearable is the company's first product addressing the multi-billion-dollar global challenge of aging populations, by supporting seniors to remain safely at home (age in place) for longer.

Focus is now on developing new hardware, expanding sales channels and developing B2B software products that derive insights from wearable sensor data.



Targeted Marketing & Engagement

Spacetalk's growing database of families and rich customer interaction, and device usage data are a marketing and customer experience opportunity.

Focus is on building a customer data platform (CDP) that can turn millions of touchpoints into insights that can be used to deliver highly personalised marketing, customer experience and sales pathways.

...while controlling costs and maintaining operational excellence.

Nearshoring & Offshoring

- › Enhancing our nearshore workforce capability to include sales and customer success
- › Leveraging our offshore finance capability to deliver increased financial and cost discipline.

Automation

- › Implementing new sales, support and finance systems that use AI to minimise headcount requirement while increasing output.

Ecommerce

- › Maximising the benefits of the new the Spacetalk ecommerce store through the use of lower cost, high quality, specialist outsourcing.

MPERS (Mobile Personal Emergency Response System)
A wearable mobile device with automated fall detection and SOS functionality that connects the user to a 24/7 emergency call centre.



Spacetalk product suite & market opportunity



Market opportunity

Addressing family safety needs

01. Young Families

“I want to keep my kids safe, but give them the freedom to grow and explore as well as safely use technology”

- › Fear of children not developing their independence or missing out
- › Peace of mind and ability to relax, knowing a child is safe without watching over them
- › Freedom and time to do more as parents, and experience more as children
- › Confidence that access to technology and connection with others is controlled

02. Workers

“I want to ensure the safety of my workers, particularly those most vulnerable or working alone”

- › Duty of care to ensure all employees have a safe work environment
- › Efficiency, utility and compliance through activity and location sharing by employees and/or contractors
- › Peace of mind for workers, employers and families that lone worker falls will be automatically alerted and SOS calls are one button press away

03. Seniors

“I want to remain independent, but ensure I am safe and can get assistance when I need it most”

- › Peace of mind for seniors, families and carers that falls will be automatically alerted and SOS calls will always be answered
- › Advanced warning of health and wellness risks and options to mitigate
- › Insights for Home Care Providers who are seeking to maximise government funding for care delivery and optimise the provision of care
- › New products for 24/7 monitoring providers, who have traditionally been limited to providing landline services
- › Compliance for retirement living providers

Kids Wearables

Spacetalk kids wearables solve the practical challenges of parenting and provide peace of mind



Loop



Adventurer 2

Parents choose Spacetalk for a range of reasons:

- **Connectivity before kids are old enough for a phone**
 - User by kids that are too young for their first phone, but need to stay in contact as they grow up
- **Independence and peace of mind**
 - Kids build confidence and independence without worry
- **Safe Zone & Location**
 - Parents always know where their child is and automated safe zones alerts mean no need to monitor the Spacetalk app to be reassured a child has reached home, school or public transport
- **School Mode**
 - Time or location linked School Mode restricts non-essential functionality and removes distractions in the classroom, meaning Spacetalk devices are often accepted where mobile phones are not
- **Control over who can contact**
 - Parents control who can call or text their child, meaning no spam calls or messages
- **No internet browsing**
 - No browser means no distractions and no inappropriate content
- **No social media**
 - No inappropriate influences and no cyber bullying
 - See They're OK
- **Kid proof**
 - High build quality is superior to competitors.

Features:

- ANZ, EU and Asia telco network compatible (locked to Spacetalk Mobile in Australia)
- No internet access
- Calls & SMS restricted to known contacts
- Soft locked to Spacetalk Mobile network in Australia
- Precise GPS, WIFI & Mobile geolocation location
- HD Video calling (Adventurer 2 only)
- Secure messaging
- SOS button & auto call to emergency contacts
- Heart rate and movement sensors
- Feelings and emotions wellbeing updates
- Changeable straps, screen protectors and charging dock accessories.

Adult Wearables

Spacetalk Life wearables address many safety concerns for seniors and at risk workers

Life



Seniors and their families choose Spacetalk for a number of reasons:

- **Government Funding**
 - 100% funded* by NDIS and Commonwealth Homecare Support Programme (CHSP).
- **Works inside and out**
 - Being a MPERS (mobile personal emergency response system) device the Life wearable provides protection anywhere there is a Telstra Wholesale network coverage
 - Better than home based PERS systems that have limited range from a base station.
- **No 'victim shaming'**
 - Pendant devices are obvious and can make seniors feel like victims. Wearables blend in and don't carry the same stigma.
- **Fall detection**
 - Automated fall detection means the alarm will always be raised even if a person can't activate an SOS alert
- **Easy of use**
 - SOS calls are one button press away, and location is shared instantly, whether at home or out and about.
- **Quality**
 - Life mobile personal emergency response (MPERS) device is designed to meet AS4607.
 - Quality of build is superior to competitors.

*subject to eligibility

Employers choose our Life wearable device because of reliability and versatility:

- Peace of mind for workers, employers and families that lone worker falls will be automatically alerted, or a worker under duress can trigger SOS with one button press.
- APIs available for monitoring and employer software integration.

Features:

- 4G mobile phone in a wearable device
- Automatic fall detection
- Precise GPS, WIFI & Mobile geolocation location
- SOS button & auto call to emergency contacts or 24/7 monitoring call centre
- Step count and movement sensors
- Option to restrict Calls & SMS to known contacts
- API integration available.

Spacetalk App

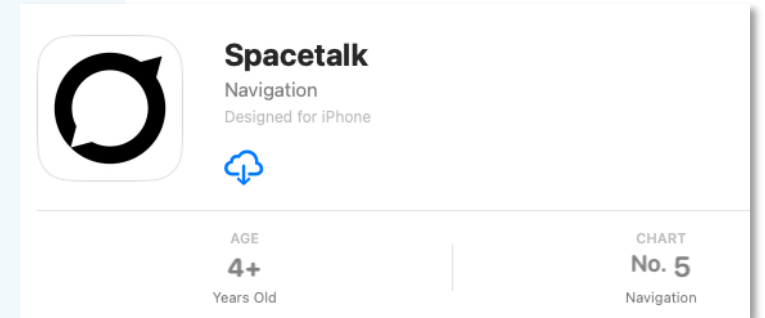
Spacetalk app has been downloaded over 420,000 times and scores 4.6 out of 5 stars from 3,000+ ratings.

At the centre of the product ecosystem our app is the heart of the Spacetalk customer experience.

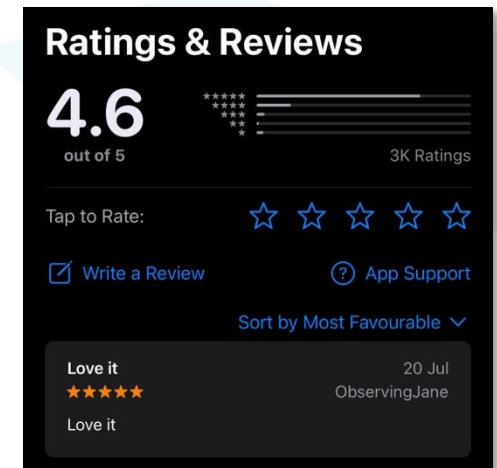
- Parents use the app to connect to Spacetalk wearable devices, enabling users to locate family members and communicate with them at any time.
- Seniors family members use the app with adult privacy settings to passively monitor wellbeing and receive SOS alerts.
- Any mobile phone can connect providing seamless integration for the whole family, young and old.

Features:

- Location awareness
- HD Video and voice calling
- Secure messaging
- Navigate to family members
- Safe zones and alerts
- Wearable SOS notifications
- Emergency and approved contacts



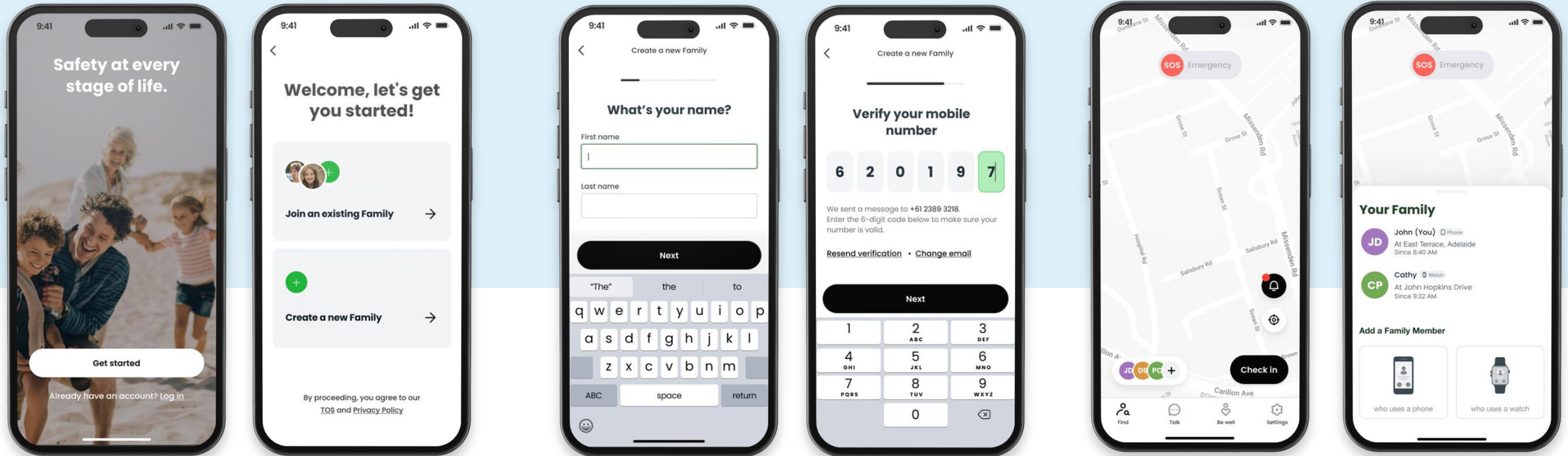
#5 in Australian Navigation Apps



Consistently High Apple App Store Rating

Product Development

Updated Spacetalk app will be a growth engine driving both user acquisition and retention



Any smartphone can be paired with Spacetalk's refreshed app and connected with Spacetalk Mobile plans. Spacetalk's value proposition of freedom and peace of mind now lasts a lifetime.

Our refreshed app to be released in Q2FY25 contains a number of important improvements:

- Families, not devices, are at the centre of interactions and sharing
- Onboarding changes to maximise our marketing database
- Significant UI upgrades providing a modern experience that drives engagement
- Health and fitness insights, SOS trigger, location and time check-ins, accurate route history and more.

Spacetalk Mobile connects whole families

Plans connect Spacetalk wearable devices and connect kids when they get their first phone



Spacetalk Mobile is a Mobile Virtual Network that operates on the Telstra Wholesale Network and delivers a range of wearable device and family orientated mobile phone pre-paid plans.

Spacetalk Mobile SIM cards can be removed from wearable devices and inserted into mobile phones as kids age out of their Spacetalk wearables, retaining customers and growing ARPU and CLTV.

Our **Wearable Plans** provide affordable, reliable, connectivity for customers using Spacetalk devices.

Handset Plans are highly competitive physical and eSIM products that extend our customer value proposition beyond the 6-12 age group that typically use Spacetalk wearables into tweens and teens using their first phones, and parents and family members seeing value oriented 4G and 5G plans.

Go to market

Spacetalk has an established and growing network of resellers, referrers and channel partners

In addition to physical channels, investment into a new Shopify 2.0 platform, expert outsourced team and improved targeted marketing have set Spacetalk up for rapid ecommerce scale.

Ongoing investment in optimizing and applying customer data will deliver a step change in customer acquisition and retention across all hardware and software products.

Channel

Retails

Telcos

Ecommerce

Resellers & Referrers

Selected Partners



Harvey Norman



Gigs



shopify



Why we are different

Spacetalk has a number of unique points of difference in comparison to rivals

01. Value Proposition

Engage families earlier

Kids hardware attracts customers earlier than telco or software competitors, before they get their first mobile phone.

Don't sell customer data

Privacy is core to our business, we don't sell customer data to third parties, unlike other well-known family location app providers.

Australian Quality

We design and build our products from the ground up to meet customer needs, we don't rebadge devices from cheap overseas marketplaces.

02. Product Features

School Mode

Controlled from our app, School Mode applies school friendly settings to our wearable devices, making our wearables less distracting than phones in the classroom.

World First AI on Devices

We will launch the world's first age-appropriate AI chatbot on a kids wearable device in Q2FY25.

Safety & Wellbeing

Our products combines safety, emotional wellbeing and fitness to deliver an all-in-one solution.

03. Lifetime Value

Product Ecosystem

Spacetalk products work together as a value multiplying ecosystem, providing multiple options for families to buy, and a clear pathway for users to graduate from one product to a next as their life stage and needs change.

Mobile network

We give customers the option to bundle our devices and software with mobile subscriptions, which is better for them, and better for Spacetalk.

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

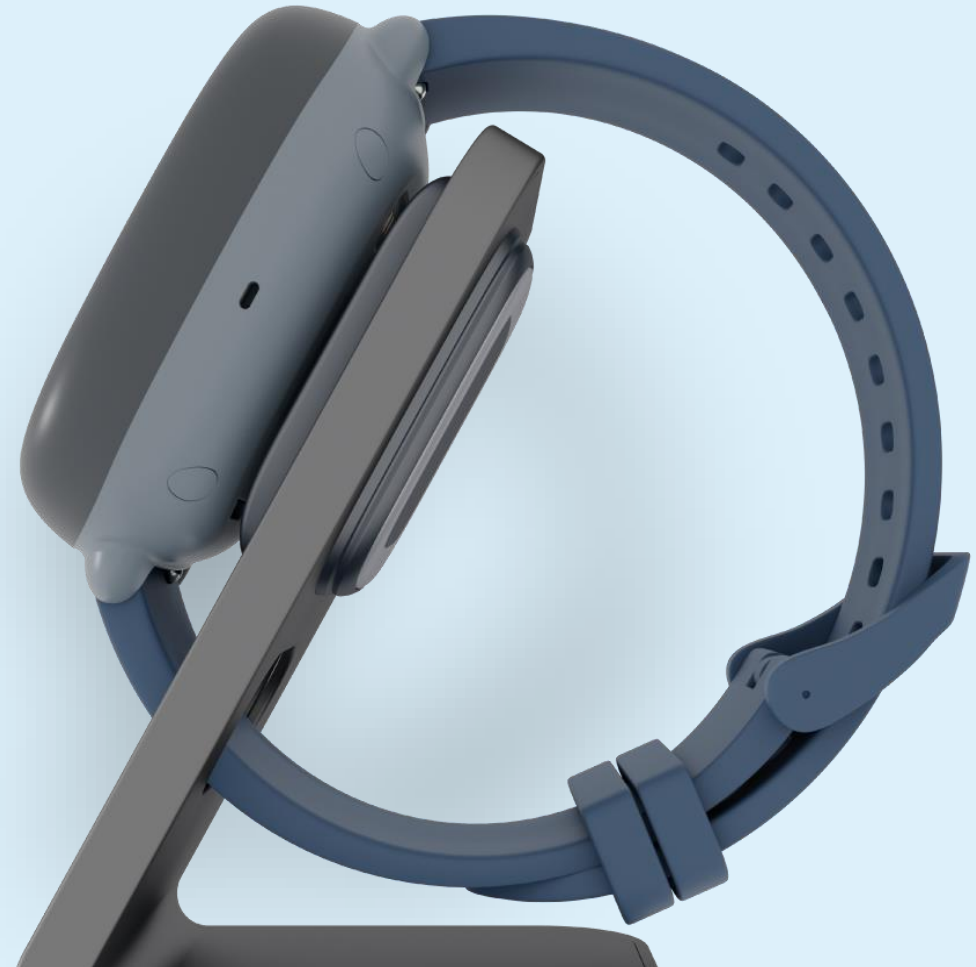
Generational Lifetime Value

Our segment focus includes young families, workers and their employers and seniors who are maintaining their independence.



Financial Highlights

spacetalk.co



Device Revenue

Device Revenue up 30%

- **Device Sales Growth #:**

Device sales grew by 18% year-on-year, from 38K units in FY23 to 45K units in FY24, predominately due to the increase in units due to the introduction of a budget (Loop) device. Device sales was the primary entry point into the Spacetalk ecosystem, driving initial user engagement and subsequent service adoption.

- **Device Revenue (\$):**

Device revenue increased from \$6.08M in FY23 to \$7.88M in FY24, reflecting a 30% growth. This growth is largely attributed to the re-introduction of the budget (LOOP) device, which played a key role in boosting sales and contributing to overall revenue growth.

- **Gross Profit Increase:**

The gross profit saw a substantial increase from 18% in FY23 to 28% in FY24, nearly doubling year-on-year. This improvement reflects the impact of clearing old stock, which had weighed down margins in previous periods.

| '000 | FY23 | FY24 | % |
|---------------------|-------|-------|-----|
| # Device sales | 38 | 45 | 18% |
| Device revenue | 6,082 | 7,879 | 30% |
| Device gross profit | 1,091 | 2,174 | 99% |
| Gross profit (%) | 18% | 28% | |

Recurring revenue: App Revenue

45k – Total active App users (AU)

- **Stable App User Base:**

Total active app users in Australia remained consistent at 85K year-on-year, reflecting a stable user base. However, our strategic focus has been on migrating users to mobile subscriptions, which offer higher revenue per user (RPU), greater gross profit per user, and longer lifetime value.

- **Opportunity in Non-Paying App Users:**

The base of non-paying app users presents a significant future revenue opportunity as we continue to enhance features and introduce monetisation strategies.

- **High Gross Profit Margin:**

Despite a decrease in app revenue, the gross profit margin remains robust at 74% in FY24, slightly down from 77% in FY23. This strong margin underscores the high profitability of our app revenue stream, even as we strategically shift users from app subscriptions to more profitable mobile subscriptions. The sustained high gross profit highlights the efficiency of our app monetization model.

| '000 | FY23 | FY24 | % |
|-----------------------------------------------|-------|-------|-------|
| #Total App Users (AU) (active past 6 months) | 85 | 85 | – |
| #Paying App Users (AU) | 55 | 36 | (35%) |
| App revenue | 3,812 | 2,965 | (22%) |
| App gross profit | 2,935 | 2,197 | (25%) |
| Gross profit (%) | 77% | 74% | |

Recurring Revenue: Mobile Revenue

Strong Subscriber Growth and Revenue Expansion in Spacetalk Mobile

- **Subscriber Growth:**

The number of paying mobile subscribers more than doubled, growing by 107% from 15K in FY23 to 31K in FY24. This substantial increase reflects the success of our mobile service offerings and the effectiveness of our customer acquisition strategy.

- **Revenue Surge:**

Spacetalk mobile revenue saw a 236% increase, rising from \$1.36M million in FY23 to \$4.57M in FY24. This growth demonstrates the scalability of our mobile services and their contribution to the company's overall recurring revenue base.

- **Stable Gross Profit Margin:**

Despite the rapid expansion, our gross profit margin remained stable at 53% year-on-year, indicating our ability to maintain profitability while scaling our mobile business. The consistent margin underscores the efficiency of our mobile operations and the potential for future profitability as we continue to expand.

- **Foothold for Increasing Lifetime Value:**

This growth in mobile subscribers provides a solid foundation for our strategy to enhance the lifetime value of families in our ecosystem. By expanding services, we create more touchpoints and opportunities to enhance customer loyalty and long-term value.

| '000 | FY23 | FY24 | % |
|-------------------------------|-------|-------|------|
| #Paying mobile subscribers | 15 | 31 | 107% |
| Spacetalk mobile revenue | 1,362 | 4,573 | 236% |
| Spacetalk mobile gross profit | 726 | 2,417 | 233% |
| Gross profit (%) | 53% | 53% | |

Driving Revenue & Engagement through Strategic Mobile Expansion

Enhancing Customer Value and Ecosystem Integration

- Introduction and Success of Spacetalk Mobile:**

Spacetalk Mobile has significantly enhanced our ecosystem, with paying mobile subscribers doubling from 15k in FY23 to 31k in FY24. New mobile subscribers received the app for free, boosting overall customer value and engagement within the Spacetalk ecosystem.

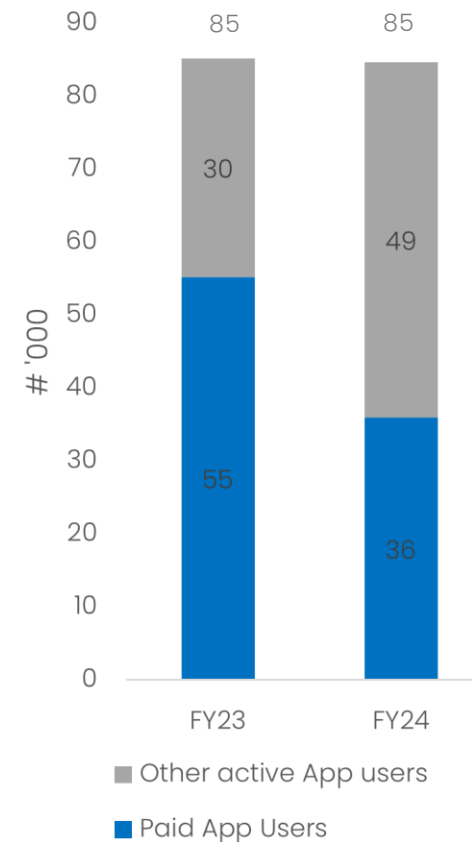
- Higher RPU and Profitability:**

Our RPU and profitability per consumer are higher with mobile subscriptions. By offering multiple Spacetalk products (hardware, mobile, and app) within our ecosystem, we enhance customer loyalty and increase the lifetime value of our customers.

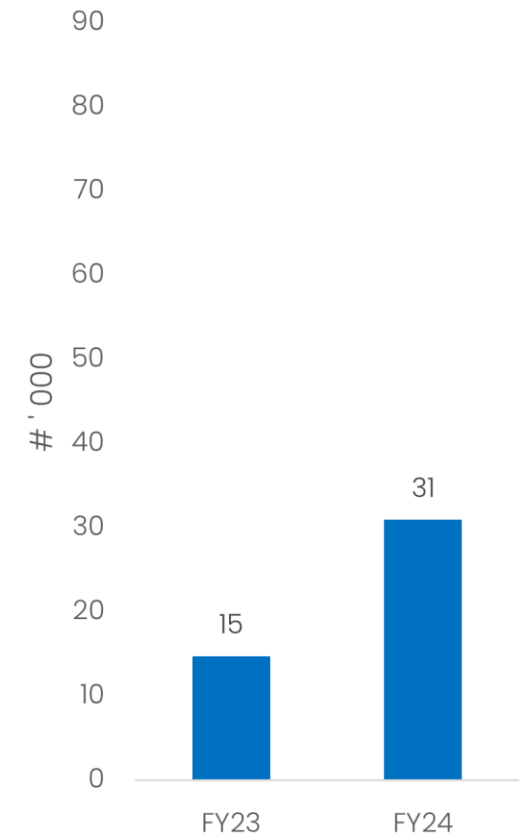
- Strategic Integration of Mobile Billing:**

While our customers continue to use our app, we've strategically shifted to billing through mobile subscriptions. This approach not only aligns with our goal of enhancing customer lifetime value but also strengthens our mobile subscriber base. During Q4 FY24, we initiated soft-locking of new device sales to Spacetalk Mobile, creating opportunities to monetize our growing base of non-paying app users in the future.

Active App Users - AU



Total Paying Mobile Subscribers



Recurring Revenue: School Revenue

Stable Gross Profit Margins

- **Number of Schools:**

The number of schools utilizing Spacetalk services saw a slight decline of 3%, reducing from 1,133 in FY23 to 1,102 in FY24.

- **School Revenue:**

Correspondingly, school revenue experienced a modest 2% drop, from \$2.1M in FY23 to \$2.06M in FY24, reflecting the reduced number of school partnerships.

- **Gross Profit:**

Despite these challenges, gross profit increased by 1%, with margins improving from 94% to 97%.

| | FY23 | FY24 | % |
|---------------------|-------|-------|------|
| #Schools | 1,133 | 1,102 | (3%) |
| '000 | | | |
| School revenue | 2,097 | 2,060 | (2%) |
| School gross profit | 1,978 | 1,991 | 1% |
| Gross profit (%) | 94% | 97% | |

Spacetalk – Recurring Revenue streams

Focus on building a strong recurring revenue model

Recurring Revenue Streams:

- **App Subscriptions: (\$2.4M)**

The app enhances device functionality, driving user engagement and increasing recurring subscription revenue. This creates a reliable revenue stream, helping to secure long-term financial stability.

- **Expansion with Mobile Subscriptions: (\$5.3M)**

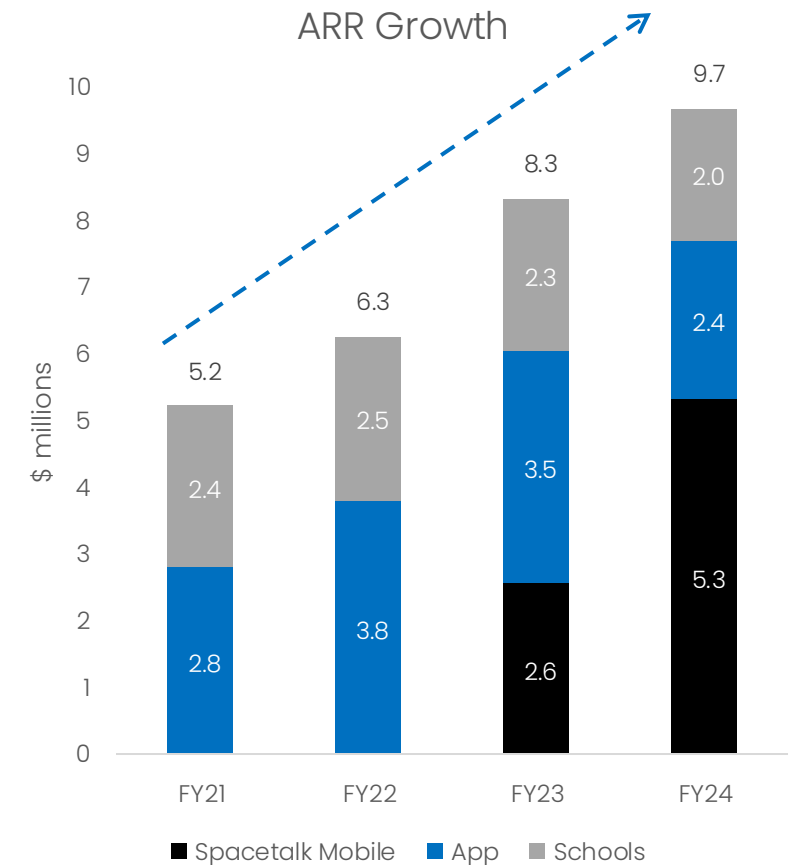
Spacetalk Mobile offers higher Average Revenue Per User (ARPU) and extends customer lifetime value. It also opens opportunities to sell additional products not attached to wearables, further enhancing the revenue potential from our existing customer base.

- **School Business – SMS & Licensing Fees: (\$2.0M)**

We generate additional recurring revenue from schools through SMS services and licensing fees, contributing to a diversified revenue stream that supports sustained growth.

- **Focus on Recurring Revenue & Strategy Success:**

Our strategic focus on subscription-based services is yielding positive results, with Annual Recurring Revenue (ARR) growing from \$5.2M in FY21 to \$9.7M in FY24. This consistent growth highlights the effectiveness of our strategy in building a stable and predictable revenue model, supporting our long-term business objectives.



Spacetalk – Revenue and gross profit summary

Strong recurring revenue growth

- Revenue Growth:**

Overall revenue increased by **33%**, from \$13.46M in FY23 to \$17.9M in FY24, driven by strong performance in mobile and device segments.

- Mobile Revenue Increase:**

Mobile revenue grew significantly by 236%, from \$1.36M in FY23 to \$4.57M in FY24, reflecting the success of our strategic focus on mobile services.

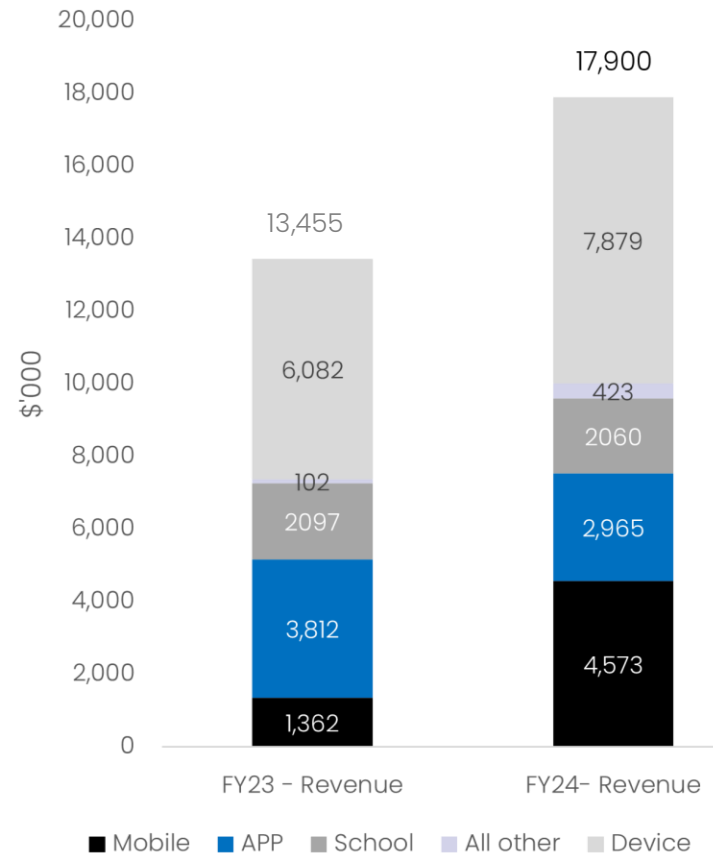
- Improved Gross Profit:**

Gross profit increased by **34%**, from \$6.83M in FY23 to \$9.2M in FY24, with a notable contribution from high margin mobile and recurring revenue streams.

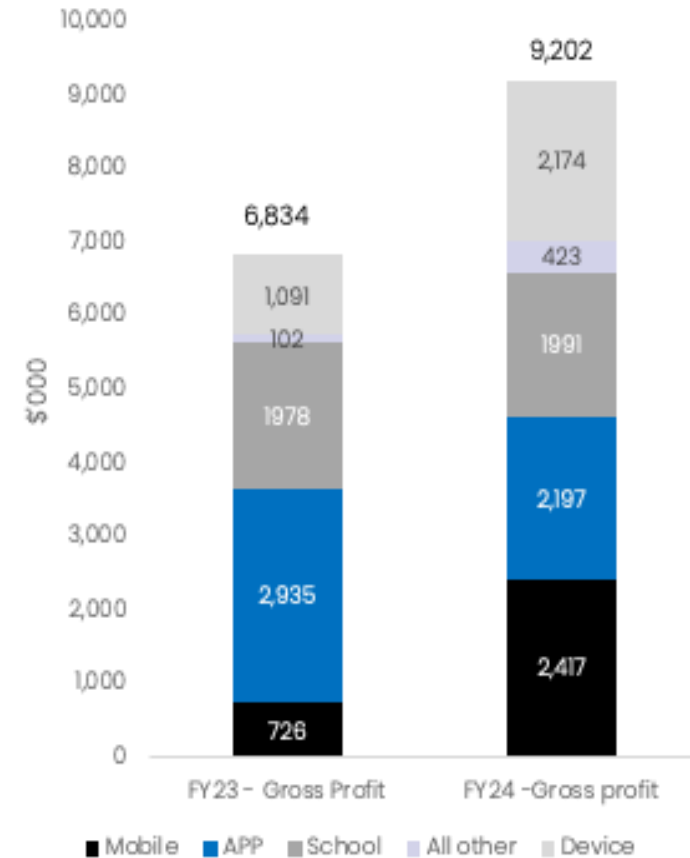
- Revenue Mix Evolution:**

The shift towards mobile and recurring revenue streams is evident, reinforcing our strategy of building a stable and sustainable income base.

Revenue Mix



Gross profit mix



Highlights : Profit and Loss

Moving towards sustainable profitability

- **Revenue from Continuing Operations:**

Revenue increased from \$13.5M in FY23 to \$17.9M in FY24, representing a 33% growth. This increase was driven by strong performance in both mobile services and hardware sales, reflecting successful execution of our growth strategies across multiple revenue streams.

- **Gross Profit from Continuing Operations:**

Gross profit improved from \$6.8M in FY23 to \$9.2M in FY24, marking a **34% increase**. This enhancement is attributable to higher revenue contributions and improved margins as a result of increasing higher margin recurring revenue streams e.g. mobile.

- **Operating Costs:**

Operating costs were reduced from \$15.3M in FY23 to \$12.6M in FY24, a **18% decrease**. This reduction reflects our continued efforts in cost optimisation and operational efficiency including offshoring of certain functions.

- **Impact of Discontinued Operations**

Losses from discontinued operations have been nearly eliminated, decreasing **by 91% from \$3.6M** in FY23 to \$318K in FY24. This significant reduction highlights our focus on core operations and better allocation of resources toward profitable segments.

| Income statement: | FY23 | FY24 | % |
|---------------------------------------------------------------|----------|----------|-------|
| Revenue from continuing operations (\$m) | 13,455 | 17,900 | 33% |
| Gross Profit from continuing operations (\$m) | 6,834 | 9,201 | 34% |
| Costs | (15,263) | (12,576) | (18%) |
| EBITDA | (8,416) | (3,374) | (60%) |
| Discontinued operations | (3,620) | (318) | (91%) |
| Loss after income tax attributable to the owners of Spacetalk | (14,684) | (5,131) | (65%) |

Progressing Towards Profitability

Demonstrating improved financial health and efficiency

- **EBITDA:**

EBITDA losses narrowed significantly from neg (\$8.4M) in FY23 to neg(\$3.4M) in FY24, achieving a 59.5% improvement. The substantial reduction in losses underscores our progress toward profitability through revenue growth and disciplined cost management.

- **Discontinued Operations:**

Losses from discontinued operations decreased from \$3.6M in FY23 to \$318K in FY24, a notable 91.2% reduction. This decline demonstrates the effective winding down and minimal impact of non-core business activities on our overall financial performance.

- **Half-on-Half Analysis:**

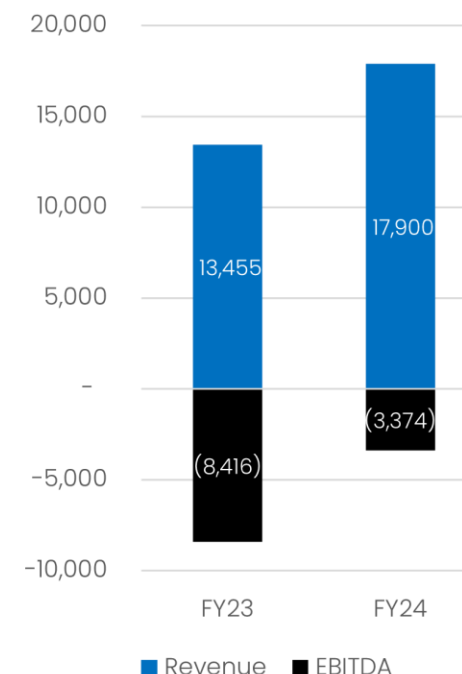
By breaking down the numbers half-on-half, we clearly illustrate the pace of our financial recovery. EBITDA as a percentage of gross profit improved significantly from -109% in the first half of FY23 to -7% in the second half of FY24. This highlights our ongoing progress in aligning our cost structure with revenue generation.

- **Loss After Income Tax:**

Net loss after income tax attributable to Spacetalk owners reduced from \$14.7M in FY23 to \$5.1M in FY24, reflecting a 65.3% improvement. This significant decrease highlights the combined effect of increased revenues, improved gross profits, and reduced operating expenses.

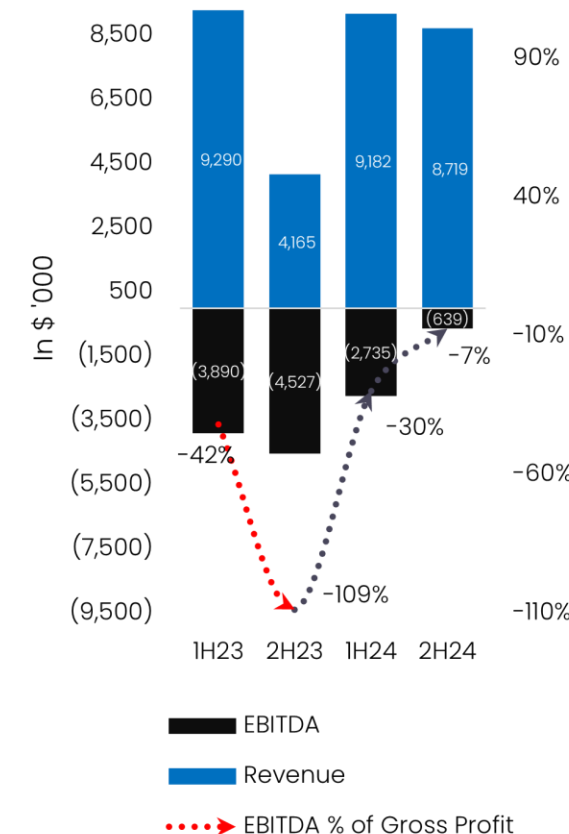
FY23 to FY24

Revenue & EBITDA



Half on half FY23 to FY24

EBITDA % of Revenue



Highlights: Cash Flow

Turning the Tide: Cash Flow Improvement

- **Receipts from Customers:**

Receipts slightly decreased by 2% from \$17.8M in FY23 to \$17.4M in FY24. This decline reflects our strategic decision to exit less profitable operations and focus on more sustainable, high-quality revenue streams, ensuring a stable cash inflow despite overall lower receipts.

- **Net Cash Used in Operations:**

Net cash used in operations saw a marginal improvement, decreasing by 1% from \$(2.76)M in FY23 to \$(2.73)M in FY24. This is a result of our efforts to enhance operational efficiency and optimize cash management across the board.

- **Net Cash Used in Operating Activities:**

There was a notable 10% reduction in net cash used in operating activities, from \$(3.46)M in FY23 to \$(3.10)M in FY24. This improvement was driven by a combination of process automation, outsourcing of non-core activities, and a strategic reduction in headcount in non-cash-generating roles.

- **Strategic Investments:**

Cash used in investing activities decreased by 29%, from \$(1.66)M in FY23 to \$(1.18)M in FY24. This reduction aligns with our focus on optimizing capital allocation to areas that promise sustainable growth and future returns.

- **Cash Flow Before Financing Activities:**

Improved operational efficiency resulted in a 17% reduction in negative cash flow before financing activities, from \$(5.12)M in FY23 to \$(4.28)M in FY24.

| Summary cash flow statement (\$'000) | FY23 | FY24 | % |
|------------------------------------------------------|---------|---------|-------|
| Receipts from customers | 17,803 | 17,442 | (2%) |
| Net cash used in operations | (2,761) | (2,730) | (1%) |
| Net cash used in operating activities | (3,455) | (3,101) | (10%) |
| Purchase of intangible assets | (1,661) | (1,143) | (31%) |
| Cash used in investing activities | (1,668) | (1,176) | (29%) |
| Cash Flow before financing activities | (5,123) | (4,276) | (17%) |
| Cashflow from financing activities | 2,495 | 3,021 | 21% |
| Net decrease (increase) in cash and cash equivalents | (2,551) | (1,256) | (51%) |
| Cash and cash equivalents at year end | 3,026 | 1,770 | (42%) |

Highlights: Cash Flow

Demonstrating improved financial health and efficiency

- Consistent Improvement:**

The pace of change in our cash flow has been consistently positive over the last five quarters. From Q4 FY23 to Q4 FY24, we have successfully narrowed the gap between cash receipts and cash outflows, demonstrating our ability to manage and improve cash flow effectively.

- Quarterly Performance:**

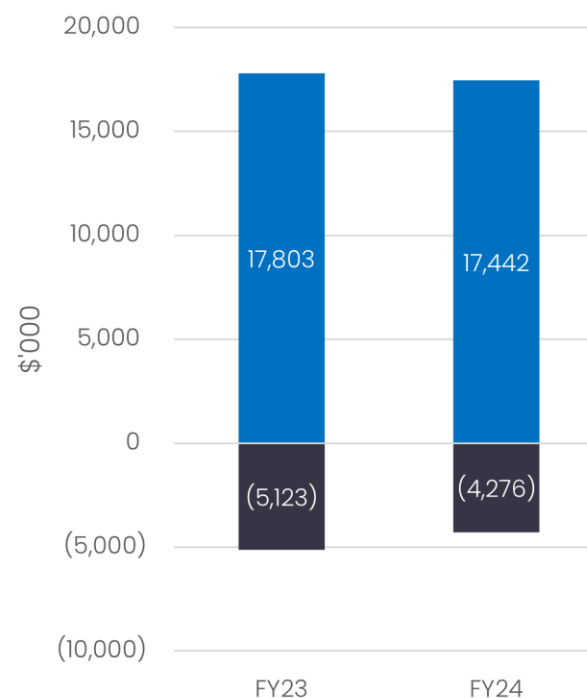
Cash flow before financing activities shows a marked improvement, with each quarter displaying stronger financial management. Notably, we moved from a cash outflow of \$(2.2)M in Q4 FY23 to positive free cashflow of \$373K in Q4 FY24, a significant turnaround.

- Increased Receipts:**

Cash receipts from customers have demonstrated a pattern of stability and growth, reflecting our strategic shift towards high-quality, recurring revenue streams. The focus on building and expanding recurring revenue streams is central to our strategy, offering greater financial resilience and supporting sustainable growth.

FY23 to FY24

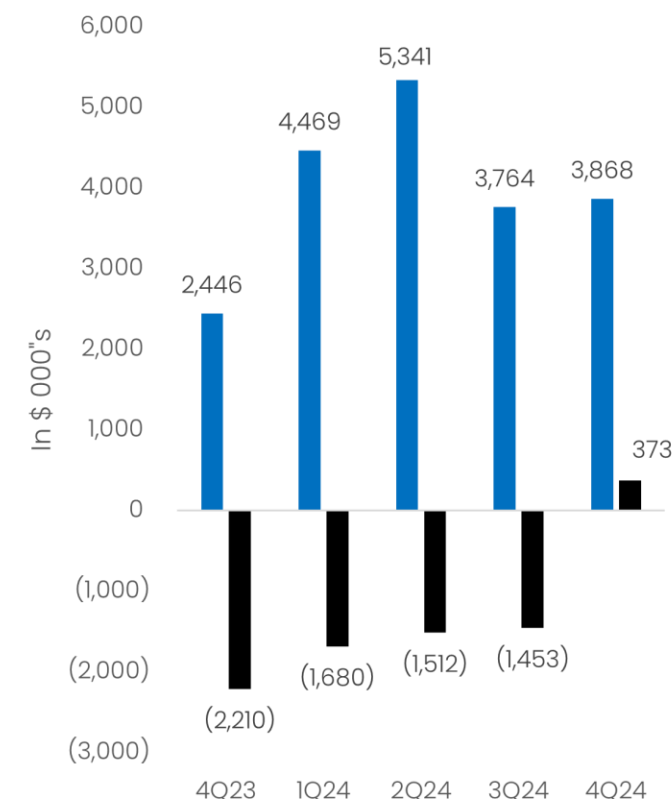
Cashflow before financing activities



■ Cash Flow before financing activities
■ Receipts from customers

Last 5 Quarters

Cash flow before financing activity over last 5 Quarters



■ Cash Receipts from customers
■ Total Cashflow before financing activities

Highlights: Balance Sheet

Successful refinancing and extending borrowing

- **Inventory Reduction:**

Inventory levels significantly decreased by 41%, from \$2.6M in FY23 to \$1.5M in FY24. This reduction aligns with our focus on better supply chain management and more accurate forecasting, ensuring that stock levels are more closely matched with market demand.

- **Receivables Management:**

Trade and other receivables were optimized, reducing from \$2.8M in FY23 to \$842K in FY24, reflecting enhanced credit control measures and faster collection cycles. This improvement is also reflected in the dramatic reduction of debtor days **from 75 days to 17 days**, highlighting our focus on cash flow efficiency.

- **Intangible Assets:**

The increase in intangible assets from \$1.6M to \$2.2M underscores our continued investment in technology and intellectual property, which are critical for our future growth strategies.

| Balance sheets | FY23 | FY24 |
|-------------------------------------------------|----------------|----------------|
| Cash & Cash equivalents | 3,026 | 1,770 |
| Inventory | 2,593 | 1,517 |
| Trade and other receivables | 2,765 | 842 |
| Intangible assets | 1,584 | 2,229 |
| All other assets | 1,006 | 1,275 |
| Total Assets | 10,974 | 7,633 |
| Trade and other payables | 2,280 | 2,091 |
| Borrowings | 5,000 | 5,000 |
| All other liabilities | 4,802 | 3,882 |
| Total Liabilities | 12,082 | 10,973 |
| Net (Liability)/ Asset | (1,107) | (3,340) |
| Debtor days (Receivables/ Revenue x 365) | 75 | 17 |

Successful Refinancing

Our lender supporting our growth plans

Refinancing and extension of loan facility provides us with significant financial flexibility

- **Restructuring of loan repayments**

Significantly reduces financial risk and allows for greater investments in high-growth areas.

- **With reducing balance sheet risk**

We are well-positioned to attract additional capital to accelerate growth

- **Ensures financial stability**

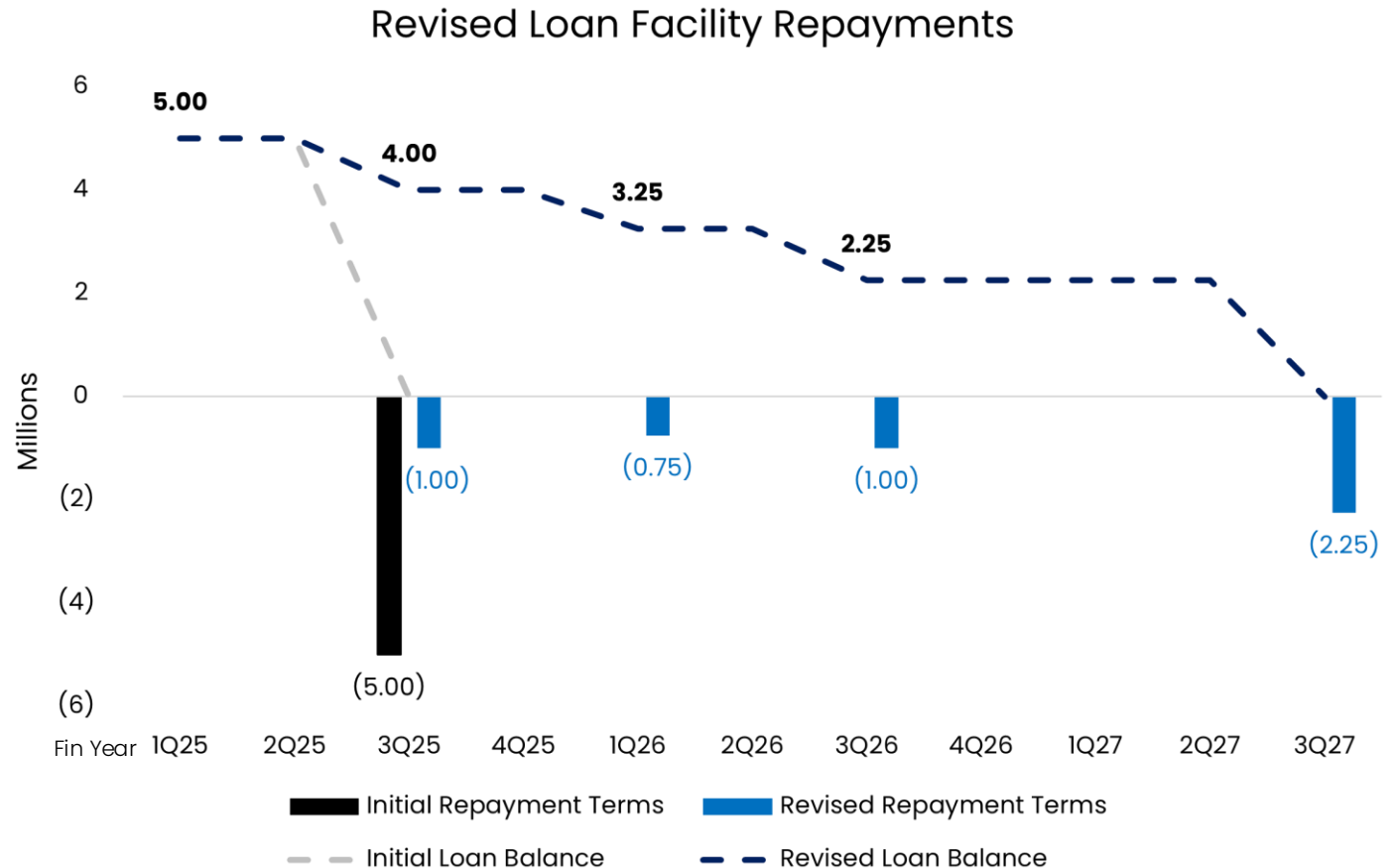
With manageable repayments and a focus on long-term growth

- **\$5m loan maturity date extension**

Additional 2-year extension obtained from February 2025 to March 2027.

- **Loan repayments optimised**

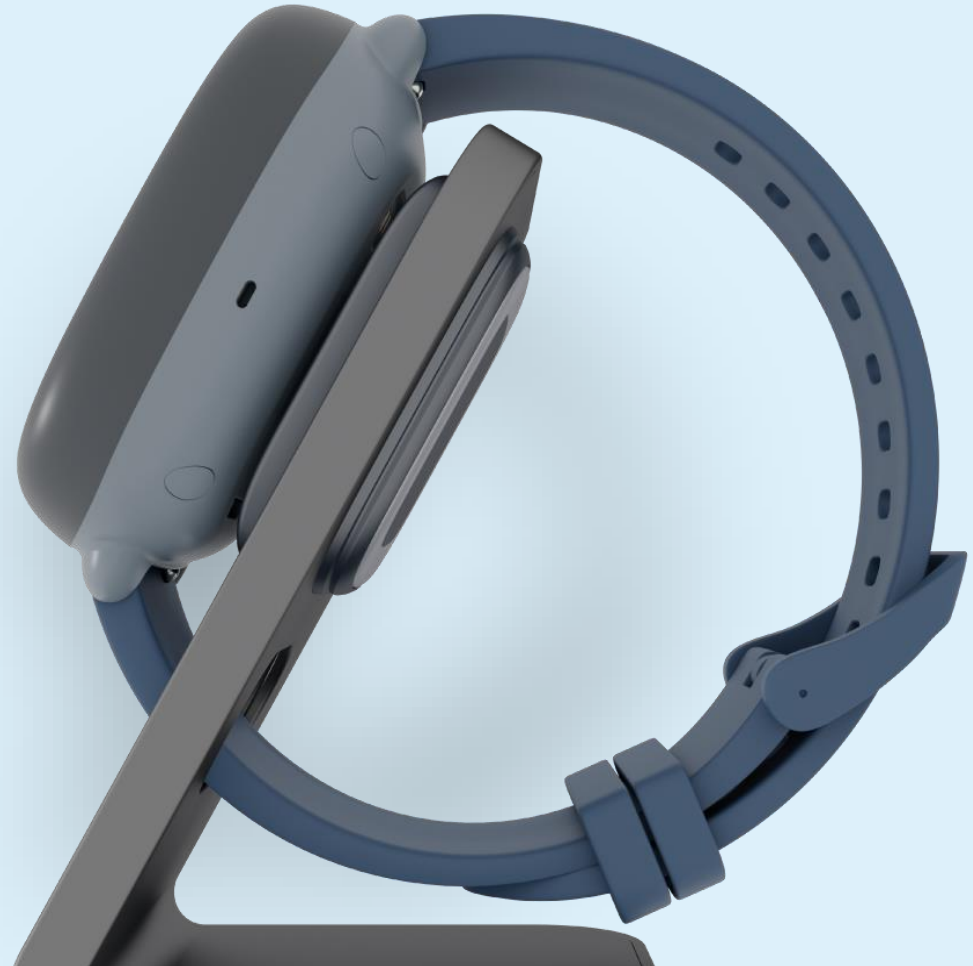
Split into 4 payments between 3QFY25 to 3QFY27, rather than a \$5m lump sum in Feb 25.





Appendices

spacetalk.co



Experienced leadership team

Our team have worked together before and have a track record of building global businesses and delivering outsized ASX growth.



**Gerhard
Beukes,**
CFO

Joined January 2024

Gerhard is a seasoned entrepreneur and senior executive with over two decades of leadership experience, spanning from the C-suite to the boardroom. He has made significant contributions across various industries, including Technology, Payments, Travel, Energy, and Well-being.

Gerhard is also the Co-Founder and CEO of HiveQ was, and previously was CFO of Nearmap (ASX:NEA).



**Craig
Boshier,**
COO

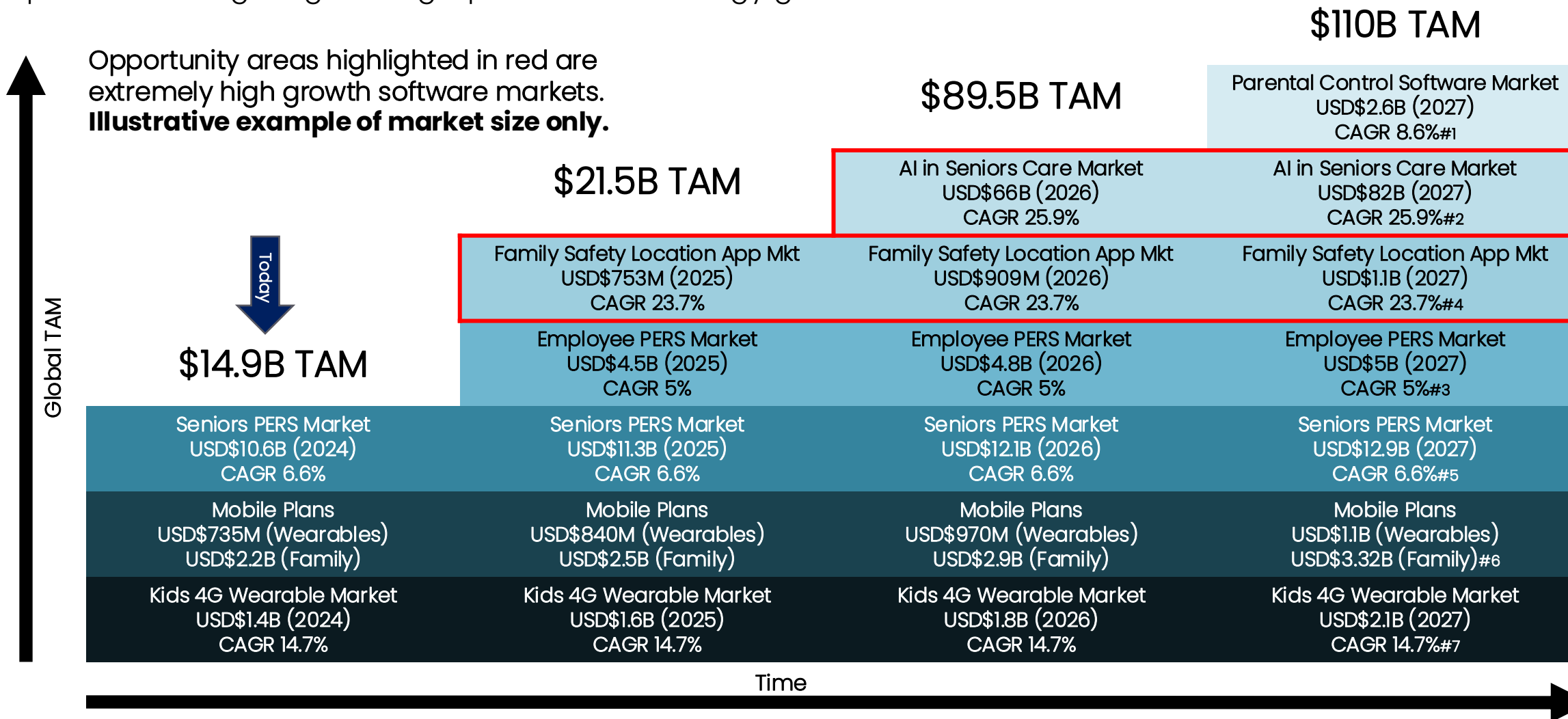
Joined February 2023

Craig has over 15 years' operational, tier-one consulting, and investment experience working with digital businesses across multiple sectors and countries

Craig was previously COO with AirMap in California, Partner and General Manager with Yamaha Motor Ventures in Australia and New Zealand, and prior to that Partner and Managing Director with Boston Consulting Group Digital Ventures (BCGDV), where he led the design, build and launch of new digital ventures in Australia, India and South East Asia.

Market opportunity

Spacetalk is targeting demographic and technology growth markets

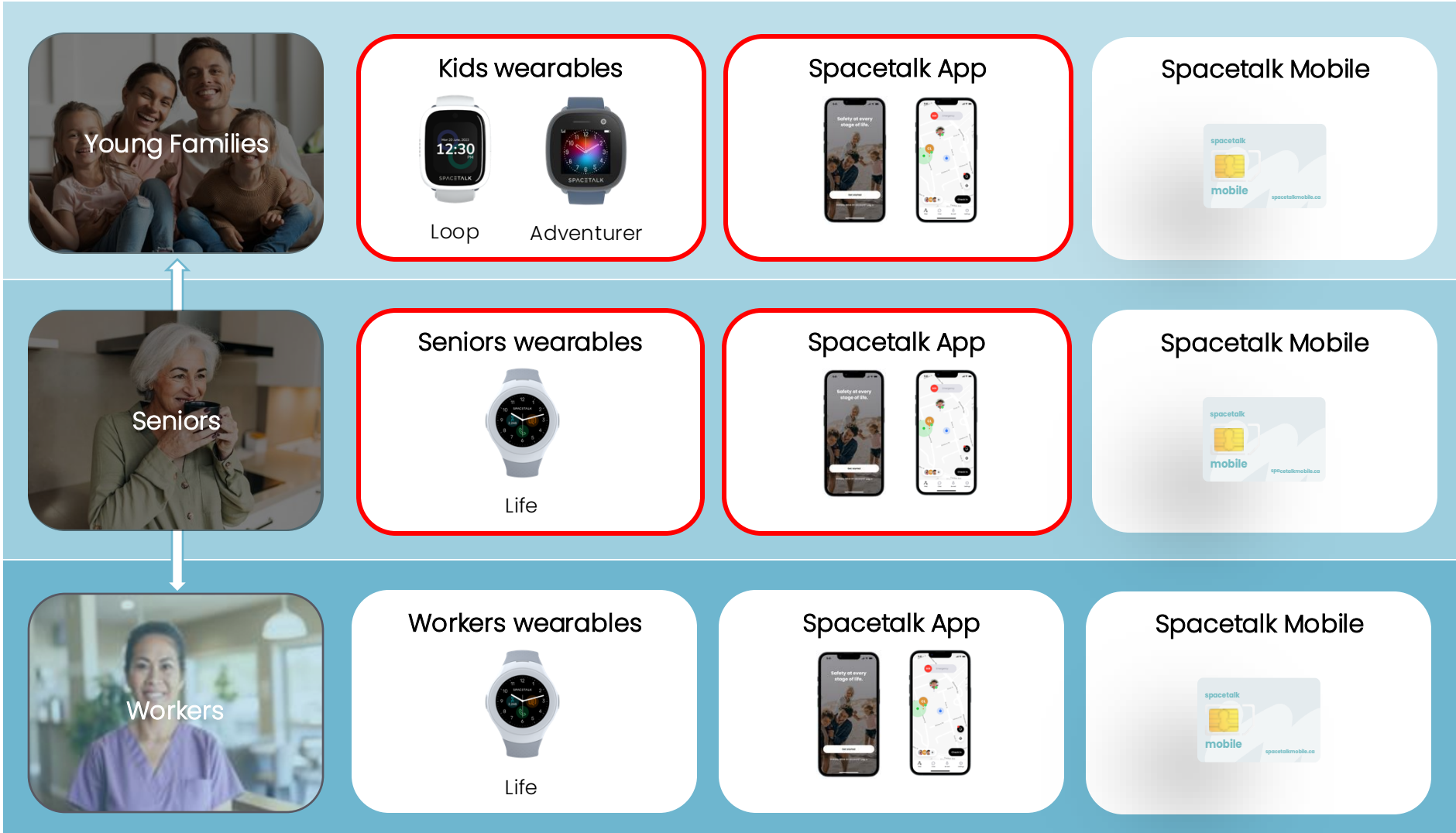


#1 - <https://finance.yahoo.com/news/latest-global-parental-control-software-185000548.html>
 #2 - https://www.futuredatastats.com/artificial-intelligence-in-aging-and-elderly-care-market?srsltid=AfmBOoo_gF4Pw-0bRxDssCh5WboiUj6tD7-NDmOV08/Gs9F8w
 #3 - <https://www.maximizemarketresearch.com/market-report/personal-safety-alarms-market/148479/>
 #4 - <https://www.businessresearchinsights.com/market-report/family-safety-app-market-113836>
 #5 - <https://www.grandviewresearch.com/industry-analysis/medical-alert-personal-emergency-response-system-pers-market>
 #6 - <https://www.globenewswire.com/en/news-release/2022/08/25/2504480/28124/en/Global-Personal-Emergency-Response-Systems-PERS-Markets-Report-2022-2026-Increasingly-Combined-with-Telehealth-PERS-Market-to-Share-the-Opportunities-Unleashed-by-COVID-19.html>
 #7 - Allied Market Research - Kids Smartwatch Market - Global Opportunity Analysis and Industry Forecast 2021-2030

PERS (Personal Emergency Response System)
 A wearable mobile device with SOS functionality that connects the user to a 24/7 emergency call centre.

Product ecosystem funding

Spacetalk products have utility across segments and can attract government funding



Government funding available
Subject to eligibility via the
NDIS & Commonwealth
Homecare Support
Programme (CHSP).

Important legal information

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

This presentation:

- has been prepared in good faith and with reasonable care. Neither SPA nor any other person makes any representation or warranty, express or implied as to the accuracy, reliability, reasonableness or completeness of the contents of this presentation (including any projections, forecasts, estimates, prospects and returns), and any omissions from this presentation. To the maximum extent permitted by law, SPA and its respective officers, employees and advisers disclaim and exclude all liability for any loss or damage (whether or not foreseeable) suffered or incurred by any person acting on any information (including projections, forecasts, estimates, prospects and returns) provided in, or omitted from, this presentation or any other written or oral information provided by or on behalf of SPA.
- is intended to be general background information only, and is not intended to be relied upon. The information in this presentation does not take into account your financial objectives, situations or needs. Investor should consult with their own legal, tax, business and/or financial advisers in connect with any investment decision.
- 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.**



Spacetalk Limited (ASX:SPA)
Investor Presentation
August 2024

Simon Crowther

CEO and Managing Director
investors@spacetalk.co

Follow us for updates:
<https://investorhub.spacetalk.co>





spacetalk.com

