



ASX Announcement
Spacetalk Ltd. (ASX:SPA)
17 January 2022

1H FY22 BUSINESS UPDATE

Highlights

- **Total Revenue of \$12.3 million. 50%¹ growth on PCP² and 78% growth HOH³.**
- **Total Wearables Revenue of \$11.4 million. 58% growth on PCP.**
- **App ARR⁴ of \$3.5 million, exceeding \$3 million for the first time.**
- **Promising signs from North America and Nordic expansion.**

Spacetalk Ltd. (ASX:SPA) ("Spacetalk" or "SPA" or "Company"), developer of innovative technologies that keep families safe and connected, provides an update on its financial and business highlights for the half year ending 31 December 2021 ("1HFY22")⁵.

Financial Highlights

(Growth rates are compared to 1HFY21, the previous corresponding period, unless otherwise stated.)

Total Revenue \$12.3m up 50%	Gross Profit Margin 56%	Wearables Revenue \$11.4m up 58%	Device Sales \$9.9m, up 57%
App revenue \$1.5m, up 67%	App ARR \$3.5m, up 52%	Total Marketing Expenses \$0.9m, down 10%	Schools Business Revenue \$0.9m, down 10%
Cash at Bank at 31 December 2021 \$9.5 million			

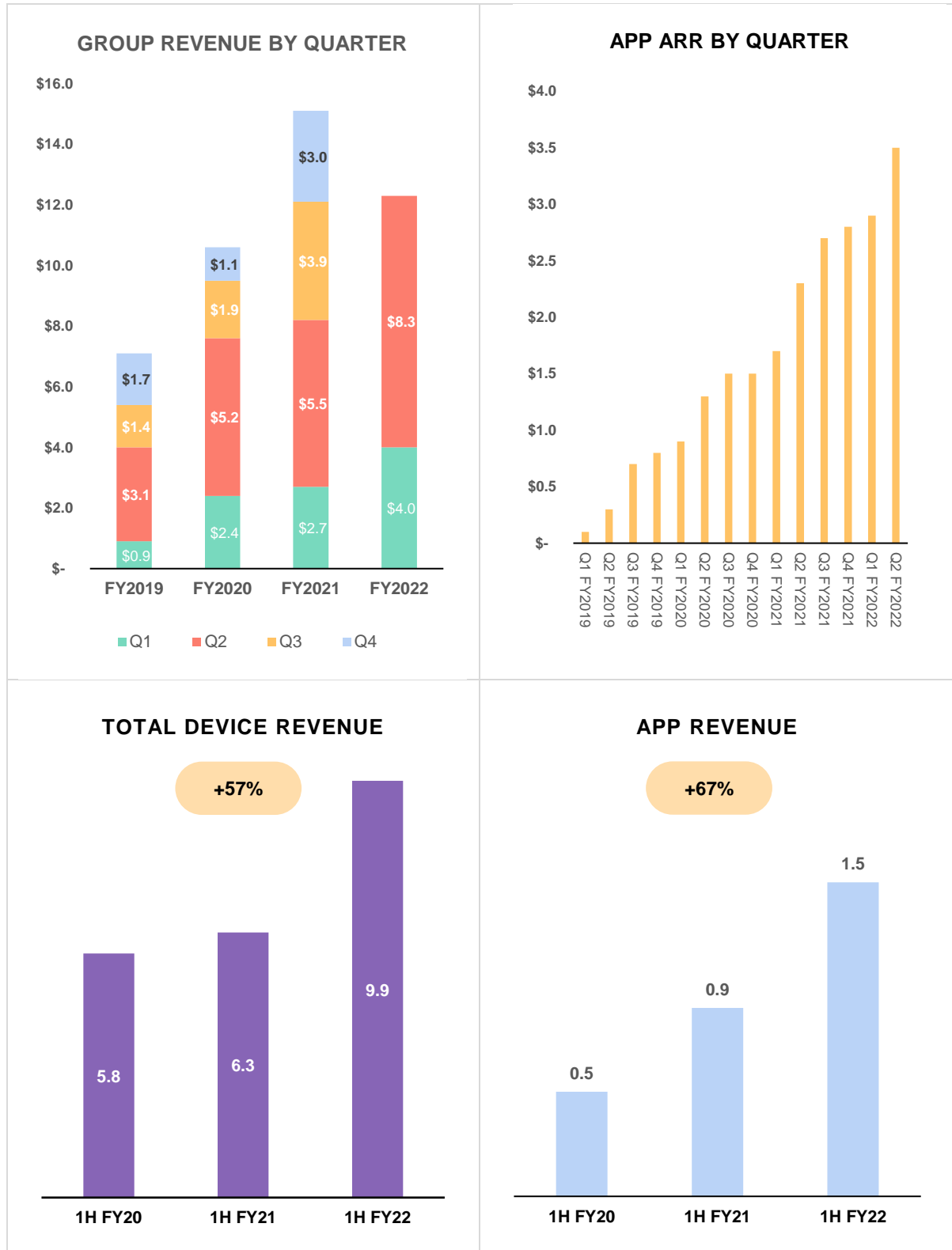
¹ Some calculations of changes to prior periods may be impacted by rounding.

² PCP – Previous Corresponding Period.

³ HOH – Half on Half.

⁴ APP ARR = Annualised Recurring Revenue from Spacetalk App monthly subscriptions.

⁵ Unaudited



All figures are in AU\$million.

Commentary

For the half year ending 31 December 2021, Spacetalk achieved total revenue of \$12.3 million, a 50% increase on the prior corresponding period and a 78% increase half on half. Revenue growth was aided by the early benefits of geographic diversification, with Spacetalk wearables now sold in Australia, New Zealand, the United Kingdom, Finland, Norway, Denmark, Sweden, Canada and the United States of America.

Whilst contributing to total revenues, sales in the Nordic and North America regions only commenced in late November 2021.

Annualised Recurring Revenue (ARR) from the Spacetalk App's monthly subscriptions was \$3.5 million, up 52% compared to pcp, supporting Spacetalk's strategy of building an integrated eco-system.

Device sales growth was achieved with lower marketing expenses (\$0.9 million versus \$1.0 million pcp). Capital discipline and spending efficiency continue to be core tenants of the Company's growth strategy.

The MGM schools business revenue was \$0.9 million, down 10%. The schools business has been impacted by two years of Covid related disruptions, particularly in New South Wales and Victoria. Despite lower revenue for the half, the schools business remains a strong net positive cashflow generator for the Group.

Business Highlights

During the half, the Company:

- Commenced on-line and in-store distribution of Spacetalk Adventurer in Continental Europe through Elisa⁶ and Elkjop⁷.
- Commenced on-line distribution of Spacetalk Adventurer with Amazon and Walmart in America and through BestBuy in Canada.
- Achieved record levels of sales in Australia, expanded in-store distribution with Big W into 50 stores and expanded on-line distribution with Amazon Australia.
- Appointed Martin Darbyshire as Chief Design Officer, further enhancing Spacetalk's existing in-house capabilities. Martin was the founder, and remains Chairman of, Tangerine⁸.
- Ranked 72 in AFR Fast 100, AFR's list of the fastest growing companies in financial year 2021.
- Received technical acceptance for Spacetalk Adventurer in Europe⁹, the United States of America¹⁰, and Canada¹¹.
- Deployed a major Spacetalk eco-system enhancement, Level-Up¹², which included device and app upgrades to allow for multi-language support, wear detection, Buddies, calculator and light.
- Continued marketing of Spacetalk Life seniors device to over 50,000 aged care service providers through an evolving B2B2C¹³ sales channel.

⁶ <https://elisa.fi>

⁷ <https://www.elkjop.no>

⁸ <https://tangerine.net>

⁹ <https://www.globalcertificationforum.org>

¹⁰ <https://apps.fcc.gov/tcb>

¹¹ <https://sms-sgs.ic.gc.ca>

¹² <https://www.spacetalkwatch.com/pages/level-up>

¹³ B2B2C = Business to Business to Consumer

Expanding Distribution

In addition to distribution arrangements previously announced and commenced prior to 31 December 2021:

- Planning is currently underway to expand into all 189 Australian Big W stores.
- Distribution has expanded to Finland through 42 of Elkjop's Gigganti stores.
- Distribution with Telenor¹⁴, on-line and in-store, in Denmark will launch in January 2022.

The financial impact on Spacetalk of selling through these channels is currently unknown, with no guaranteed or minimum level of revenue, however, the Company expects it to have a direct positive impact on the total revenue of the Company and be reflected in the disclosure thereof.

Marketing and Promotion

Spacetalk has entered into an arrangement to promote Spacetalk Adventurer at 38 JoJo Siwa¹⁵ performances across the United States between 13 January and 12 March 2022.

JoJo Siwa is a leading Nickelodeon performer with 12.3 million YouTube, 11 million Instagram, 1.1 million Facebook and 37 million TikTok followers targeted at the pre- and early- teen female demographic.

Funding and Cash Position

As at 31 December 2021 the Company held cash of \$9.5 million.

During the half, the Company successfully raised \$9.5 million of new equity capital before costs (\$9.0 million after costs¹⁶). Capital raised will be used for working and growth capital, including the development of the next generation Spacetalk wearables, app and eco-system.

¹⁴ <https://www.telenor.com>

¹⁵ <https://www.instagram.com/itsjojosiwa/>

¹⁶ Costs include (principally) management, distribution, registry and quotation fees.

Supply Chain and Inventory

Supply chain management remains a priority focus for the Company with no material disruptions experienced for the half year.

Spacetalk's proprietary ownership of the design of its devices and applications, provides a powerful strategic competitive advantage including the Company's ability to manage supply chain risks.

Spacetalk CEO Mark Fortunatow said: "Our Group revenue for the half year was a record \$12.3 million, of which \$11.4 million (93%) came from our wearables business. This is a fantastic achievement for the Company. These results were achieved without a material contribution from our Nordic and North America expansions, which launched very late in the half.

"These results also demonstrated the strategic value of our ownership and control of the technological eco-system. In November, we were able to efficiently and seamlessly upgrade our App and device firmware to increase functionality and the number of languages supported. This enabled us to quickly respond to customer demand in non-English speaking countries.

"It has been a little over four years since we launched our wearables business. In this time, our wearables distribution has expanded to three continents and generated cumulative revenues of greater than \$37 million. And we have done this by keeping true to our brand and values of safety and trustworthiness, including by respecting the privacy and data of our customers.

"I am delighted with our progress to date and remain excited about the opportunities that are before us."



This announcement has been authorized by Spacetalk CEO Mark Fortunatow.

For more information, please contact:

Dimitri Burshtein
Investor Relations and Corporate Development
dburshtein@spacetalkwatch.com
M: +61 493 041 751

About Spacetalk Ltd.

Spacetalk Ltd. (ASX: SPA) is a global technology provider of secure communication solutions for families to stay connected and protected.

Spacetalk's range of all-in-one smartphone GPS watches for children (Spacetalk Kids and Spacetalk Adventurer) and seniors (Spacetalk Life) are purpose built with tailored features, design qualities and best practice data encryption, security and privacy technologies, for families to stay confidently connected. Fun, fashionable, secure and technologically advanced, Spacetalk devices deliver confidence for the child and senior wearer, enhanced controls for the guardian, and engaging functionalities for the whole family to stay connected.

The Spacetalk App is designed to provide a family environment for fun, engaging and secure media consumption beyond its device control functionalities for the guardian. Every linked contact – parents, grandparents, extended family members and friends – regardless of whether they are Android or iOS users, can interact with linked Spacetalk devices and each other through the Spacetalk App.

Spacetalk was founded in 2001 and listed on the ASX in 2003 as MGM Wireless Limited, which developed the world's first SMS student absence notification platform for schools and went on to become Australia's most successful school messaging company. On 12 November 2020 the Company changed its name to Spacetalk Ltd.

To learn more about the Spacetalk devices and app platform, and the Company, please visit: <https://www.spacetalkwatch.com/>. Investor Centre: <https://investors.spacetalkwatch.com/>.