



ASX Announcement | 20 November 2024

Spacetalk Limited (ASX: SPA)

Annual General Meeting Addresses and Presentation

In accordance with the ASX Listing Rules, the Chairman's and CEO addresses and presentations to the Annual General Meeting ("AGM"), are appended.

This ASX announcement has been authorised by the Spacetalk Limited Board of Directors.

For further information, please contact:

Spacetalk Limited (ASX: SPA)

Simon Crowther

CEO and Managing Director

investors@spacetalk.co

www.spacetalk.co

About Spacetalk Limited (ASX: SPA)

Spacetalk Limited (ASX: SPA) develops and sells hardware and software to provide safety at every stage of life. Spacetalk offers families a suite of solutions: Australia's best-selling Kids Smart Watches (GFK Report July 2024: Total Sales of Kids Smartwatch In Australia), Spacetalk Mobile, Spacetalk App, and Adult Wearables. The Spacetalk ecosystem provides freedom with peace of mind. To learn more, please visit: spacetalk.co

Connect with us

 Follow us on [Facebook](#)

 Follow us on [LinkedIn](#)

 Subscribe on our [YouTube](#)

 Follow us on [Instagram](#)



CHAIRMAN'S ADDRESS

The last year has been a pivotal year for Spacetalk, marked by the successful execution of our corporate strategy centred around "Safety at Every Stage of Life."

This vision has driven our transition from a loss-making kid's wearables business to a more sustainable, software-led company.

This transformation was achieved while rebuilding all aspects of operations, at the same time significantly increasing recurring revenue and margins, building a strong customer base and decreasing costs. It was achieved in a very short period, effectively 18 months with very limited financial resources.

Our efforts to expand into new markets besides Australia, which are New Zealand, Finland and now UK and US, and introduce innovative products such as Life, Spacetalk Mobile and others, have positioned us for strong growth.

We continue to prioritise operational efficiency, but our focus has also expanded to drive top-line growth through diversified revenue streams and strategic partnerships.

As we move into the 2nd quarter of FY25, we are committed to accelerating growth, expanding our market presence, and continuing to innovate. By doing so, we will build long-term value for our shareholders and capitalise on the many opportunities ahead.

I would like to take the opportunity to thank our CEO/MD Simon Crowther and the Spacetalk team for their hard work and dedication in this pivotal year. I would also like to thank our shareholders as well as lender Pure for their strong support of our exciting journey and our Directors who shared their necessary experience and hard work for the transition of this business.

CEO's ADDRESS

It is a pleasure to have the opportunity to meet with you all again today at our Annual General Meeting and my second as Chief Executive Officer.

Last year was my first full financial year leading the business and we made significant progress as we executed on the strategy we communicated to you in May 2023.

The share price has not yet caught up with the improvements we are continuing to make. I am confident we are on track to build a growth business with a sustainable model. I would like to take the opportunity to reflect on what we achieved last year and why, with your support, we are putting ourselves in a position to deliver good returns to shareholders.

It has taken time to lay the foundations for future growth. Each quarter we make progress and each quarter we have reported that the metrics of the business have improved. Given the seasonal nature of the business, it is important to compare previous corresponding periods to understand the progress we are making. The impact of seasonality will reduce over time as we fully activate software sales, but for now seasonality is a factor, particularly in the first half of our year when we purchase inventory.

Whilst we have an ambitious agenda, I feel we are balancing long term opportunity and value creation with consistent progress quarter by quarter.

Today, I would like to briefly unpack this progress with you by reflecting on:

1. My first full year leading the business.
2. Our success in delivering on every single item we identified in May 2023 as strategic priorities.
3. Our success resetting and refocusing the business.
4. The improvements in our financial metrics.
5. Our recent new firmware release and upcoming upgraded new App; and
6. The future of the business including a new collaboration with Neuroscience Research Australia (NeuRA).

Let me take a few minutes to set the scene and the important work we undertook last year to set us up for the future and to deliver \$20-25m ARR by 2026.

FY24 was a foundational year in our turnaround story and the completion of phase one whereby we refocused the organisation as promised. We transformed a \$14.6m loss in FY23 to generating free cash flow of \$370k in Q4FY24. This sets us up for phase two, currently underway focusing on growth and repositioning the business to be software-led.

We have delivered every item we identified in May 2023. It's a long list but worth highlighting some key decisions such as temporarily winding down overseas operations to preserve cash, effectively selling the large amount of legacy Adventurer inventory, aligning the Spacetalk brand and launching a more budget friendly Loop watch.

All these initiatives drive our 'Fit to Scale' mindset, which in turn has helped to deliver a turnaround in our metrics. We have raised growth capital, re-entered overseas markets in a focused and disciplined manner, reduced our costs through measured off shoring and invested in growing digital revenues by upgrading our Shopify ecommerce platform and resetting our Amazon stores globally.

Our metrics continue to reflect the positive impact our efforts have had in FY24 compared to previous years. Gross profit increased 32% reflecting strong performance across both mobile services and hardware sales. Spacetalk Mobile subscribers increased 110%. We now have well over 35,000 subscribers and growing, driven by the soft locking of our devices to our own network. We also reported a 17% improvement in cashflow from operating activities reflecting the impact of resetting the organisation and streamlining costs.

We have a clear growth agenda which we have detailed in previous presentations and updates, it is all there, and we continue to focus on the execution of our strategy in FY25.

So where are we now, how are things progressing and what is our growth engine?

The initiatives underway in the first half of the current financial year set us up for important outcomes in the second half and beyond and help complete our transformation to being software led.

Q1 delivered solid progress and when we compare prior corresponding periods, we delivered 100% growth in paying subscribers to Spacetalk Mobile, 35% increase in gross profit driven by our focus on higher margin subscriptions and a 56% improvement in cashflow from operating activities.

We completed a successful capital raise to fund inventory and the scoping of our next generation hardware for kids, teens and seniors.

We continue to grow our distribution points. Recent deals include Elisa in Finland and Optus in Australia, a growing presence in New Zealand and a promising reseller agreement to sell our Seniors Life smartwatches.

We continue to develop new retail channels to support sales of kid's hardware whilst growing our ecommerce sales and software subscriptions. Optimising digital channels will enable us to scale the business quicker and more cost effectively. Our software strategy is designed to deliver a subscription engine that the business currently lacks. Whilst the soft locking of our

hardware to Spacetalk Mobile has proved effective, the all new Spacetalk App targeted for release mid next year will deliver a step change for the business. For the first time it will give us the opportunity to bring new users and customers into the Spacetalk ecosystem without the need to purchase a device. More on this in a moment.

We have continued to build a positive relationship with Pure Asset Management, a key relationship. Pure have supported refinancing and restructuring of our debt. This has given us the time to repay the loan in a focused and structured manner starting in March 2025 and maturing in March 2027. We feel confident both in terms of the support we have received from Pure and with the timeframe we have agreed. As I said earlier, we will put in place a software engine in the business to drive high margin subscription sales. My expectation as we launch our new software is that we will increase our active user velocity and put ourselves in a position to meet our debt obligation and position Spacetalk as an attractive long-term hold for shareholders.

The first step in our software strategy has already started. We recently released a significant firmware update for our Adventurer and Loop devices extending battery life, making health and well-being more accessible and upgrading the visual design to make it a much sleeker experience. We are targeting the release of another firmware update for Back to School to enable Ai on Adventurer devices. Watch this space but I am excited to demonstrate our ability to respond to a kid's sentiment, anticipating their needs for support and help during a typical day.

Shortly, we will roll out a significant update to the current Spacetalk App. It is worth providing some context for this and why it is a very important release.

Our current App serves a purpose and receives generally positive reviews but it is flawed. Why not simply build a new one you might ask? Our current tech stack was built to sell hardware and not for one-to-one engagement. The App requires an upgrade to deliver on our goal to deepen relationships with each member of the family. We are unable to easily add new features, offer a freemium model or offer a software only experience. In short, it was designed to be device rather than people centric. Our priority has been to stabilise and reset the business to give ourselves the opportunity to assess and rebuild our tech to support our strategic priorities and drive software sales.

The upcoming v1.5 release of our App, to be released shortly, is a significant pragmatic step and bridge to launching the Spacetalk 2.0 platform and App next calendar year. The entire app has been overhauled and made simpler and more intuitive to use.

Key features that are currently largely under-utilised features such as safe zones will be easier to set up and therefore will deepen our engagement with our customers who will spend more time using the app. The app will also have new capabilities such as SOS for customers who need access to help immediately or to set a timer to alert people if they find themselves in difficulty.

This release will allow us to target an increase in monthly active users and growth in our app subscription numbers. You will recall we currently offer our app for free with a Spacetalk Mobile subscription and as a result we have seen a trade-off, whilst overall app users have grown, paying app subscribers have declined as our paid mobile subs have increased. I am confident we can expect growth in our monthly active users as we welcome new users to Spacetalk who have not purchased a watch to use our app for free for a period until we can transition them to our new platform Spacetalk 2.0. I expect this will flow through to increasing numbers of paid app subscribers in due course.

2.0 will be a scalable state of the art platform enabling us to offer users a freemium experience and customers a feature rich app that will fully bring to life our vision of safety at every stage of life. It will provide us with the tools to deepen our relationships with individuals and families as we continue to build our position as a trusted family brand. The future of Spacetalk is the delivery of a great software experience for users and customers that also unlocks additional features when you pair it with a Spacetalk device.

Talking of which, we are progressing the next generation of Spacetalk hardware and expect to see a new approach. Bear in mind Adventurer 2, Loop and Life are products that predate the new leadership team joining the company. Whilst we maximise the remaining life of these devices to drive subscriptions, the future is about age agnostic devices with broader appeal, sleeker design, lower costs to manufacture, less complexity for the business to manage and a focus on capturing user data within our ecosystem with an emphasis on privacy so we can deliver unique insights and predictive analytics related to safety, health and wellbeing.

The seniors' market is a significant opportunity for us. I look forward to updating you on how Spacetalk will address societal challenges such as helping with the early detection of dementia using gait analysis and allowing our more vulnerable customers to age safely in place whilst providing them with the peace of mind that comes from 24/7 monitoring.

This is quite the departure from a kids hardware centric business only 18 months ago. I am delighted to announce our collaboration with Neuroscience Research Australia (NeuRA) and Dr Lloyd Chan. We are building on Dr Chan's PhD research at UNSW to enable us to extract insights from our wrist-based sensors that will detect health risks and predict health outcomes. As we roll out Spacetalk 2.0 we will have a platform that provides us with capabilities to predict changes in a customer's well-being and alert them and their caregivers to seek medical intervention. We believe this has value for Government payers, Government health care providers, home care providers and health insurers.

Over the next 12 months and by the time we reconvene for our next AGM I envisage a different position and outlook for Spacetalk. I am confident the current value of the company is short term and does not reflect the progress that has been made. I am more excited about our future

now than I have ever been as we implement our growth initiatives. My thanks to all our shareholders for your support, the support from Pure Asset Management, Georg and the rest of the Spacetalk board and my team for their hard work.

There are exciting announcements and progress ahead and I look forward to seeing this flow through to our results in due course.

- END -

Annual General Meeting

20 November 2024



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.**

Growing Up to Growing Old: Capturing the family safety technology market



An exciting growth agenda for Spacetalk



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

Phase 1 – Refocus

We have delivered our FY24 transformation strategy as promised...

1	Raise funds to support strategy delivery	Complete
2	Cash positive in 4QFY24	Complete
3	Temporarily wind down international operations	Complete
4	Hire org backbone (Segment Sales, Engineering, Product)	Complete
5	Align whole business behind Spacetalk brand	Complete
6	Review MVNO commercial agreements	Complete
7	Reset & increase ANZ retail 'Kids Watch' sales	Complete
8	Reset & increase ANZ ecommerce 'Kids Watch' sales	Complete
9	Evaluate & launch* 'Agnostic App' (Family App)	Complete
10	Evaluate & launch* 'MVNO Family Plan'	Complete
11	Activate ANZ '24/7 monitoring' 'Life' sales channel	Complete
12	Evaluate and upgrade* 'Schools Messaging	Complete
13	Evaluate & launch* 'Budget Watch'	Complete
14	Reset & increase Australian education sales	Managing legacy product

...while also resetting and rebuilding the business to be ‘fit to scale’

Capital	Fit to Scale	Cost Out	Growth
› Complete: Growth capital raise (October 2024)	› Underway (Q3FY25): Rebuilt or replaced central technology systems (e.g. Cin7; ++)	› Complete: Offshored customer support function › Complete: Offshored finance function › Complete: Switched Australian 3PL providers and optimised inventory storage and movement › Underway (Ongoing): Organisation optimisation	› Complete: Launched a new distributor partnership in New Zealand › Complete: Opened 8 new ecommerce and retail sales channels in New Zealand › Complete: Replaced legacy Shopify eCommerce platform › Underway (Q2FY25): Reset Amazon webstores globally

Reset

Refocus

Ramp Up

FY24 Key Financial Metrics

Paying Mobile increased by 110% vs PCP

- Paying mobile subscribers increased by 110%, from \$14.7K FY23 to \$30.9K in FY24, highlighting the strength and appeal of the service.
- Growth in paying Mobile subscribers provides a solid foundation for our strategy to enhance lifetime value of families in our ecosystem.

+32% vs PCP Gross Profit

- The 32% increase in gross profit, from \$6,834K in FY23 to \$9,049K in FY24, reflects strong performance across both mobile services and hardware sales.
- This growth highlights our strategic focus on effective revenue scaling, with both sectors contributing to gross profit growth.

17% Improvement in Cashflow from Operating Activities

- Cashflow from operating activities improved by 17%, reducing outflow from \$3,455K in FY23 to \$2,870K in FY24.
- Positive free cashflow of \$373K in 4QFY24 (4QFY23: neg \$2,237K).
- This reflects the early impacts of our outsourcing and automation efforts to streamline costs and enhance revenue quality.

Phase 2 – Growth

We are now focused on executing our FY25 growth strategy

Product

- › **Underway:** Gain certification for Loop and Adventurer 2 devices in new regions
- › **Underway:** Develop and scale new standalone Spacetalk App
- › **Underway:** Develop first AI interaction product product
- › **Next:** Rebuild product and data technology architecture (Spacetalk 2.0)
- › **Next:** Develop US compatible device
- › **Next:** Develop first AI predicative analytics product for seniors' welfare
- › **Next:** Begin development of next generation kids' wearable device
- › **Next:** Begin development next generation senior's wearable device

Growth

- › **Underway:** Scale Australian seniors' sales via channel partner
- › **Underway:** Ecommerce led US market growth
- › **Underway:** Scale Spacetalk Mobile US
- › **Underway:** Launch reconditioned handset / Spacetalk Mobile bundles
- › **Underway:** Pricing review and rest
- › **Underway:** Increase customer lifetime value
- › **Underway:** Drive ecosystem to acquire 'Families with four products'
- › **Next:** Ecommerce led Nordics growth
- › **Next:** Ecommerce led UK market re-entry
- › **Next:** Ecommerce led selected Asian market entry
- › **Next:** Ecommerce led selected EU markets entry

Q1 FY25 Key Financial Metrics

Paying Mobile Subscribers increased by 100% vs PCP

- Paying Spacetalk Mobile subscribers doubled vs PCP to \$33.0K in 1QFY25 (1QFY24: \$16.5K).
- Growing Spacetalk Mobile users and retaining them through the app extends customer lifetimes and drive additional financial benefits.

+35% vs PCP Gross Profit

- Gross profit, an underlying proxy of underlying growth in the company increased by 35% vs PCP, reaching \$2,032K (1QFY24: \$1,503K).
- Focus on mobile subscriptions with higher ARPU and gross profit per product is delivering planned results.

56% Improvement in Cashflow from Operating Activities

- Cashflow from operating activities improved by 56% from a cash outflow of \$1,528K in 1QFY24 to a reduced outflow of \$675K.
- The impacts of steps taken in the prior financial year's outsourcing and automation efforts are now being realised, allowing us to streamline costs and boost quality of revenue.

Capital Raised

\$3.5M raised in Placement and Rights issue

- \$1.5M during 1QFY25, with an additional \$2M in October 2024, surpassing the \$3.2M initial target by \$0.3M, laying the foundation for growth.
- This capital will be used to fund inventory and the scoping of next generation hardware (including Adventurer 3) for kids, teens and seniors as well as the cost of the offers.



Extending Reach & Distribution Points

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

Channel	Selected Partners
Retails	    
Telcos	   
Ecommerce	   
Resellers & Referrers	     
	    
	

Successful Refinancing

Our lender supporting our growth plans

Pure Debt Facility Restructure

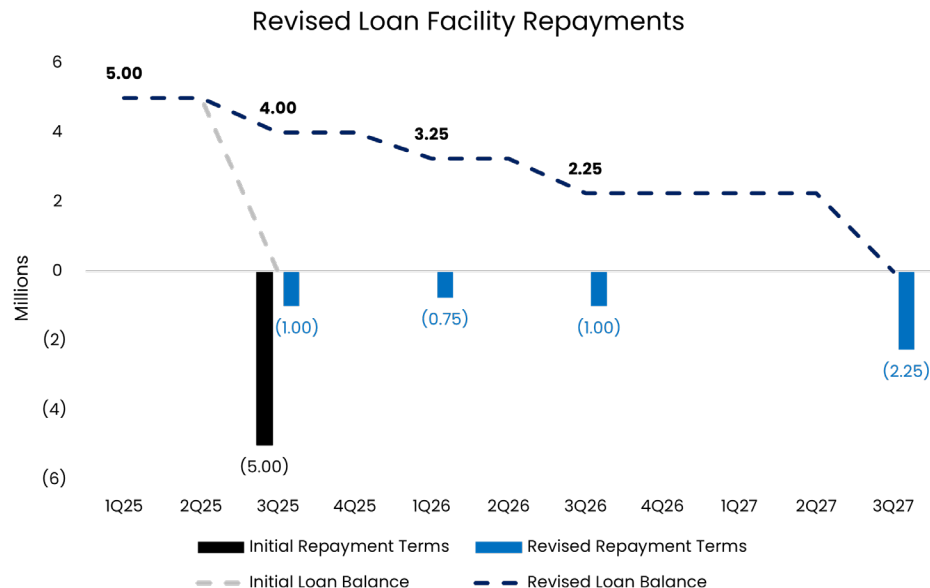
- Successfully refinanced and extended Pure Asset management facility, enhancing financial flexibility.

Highlights:

- Maturity date extended to March 2027.
- Repayments to start in March 2025.

Covenants:

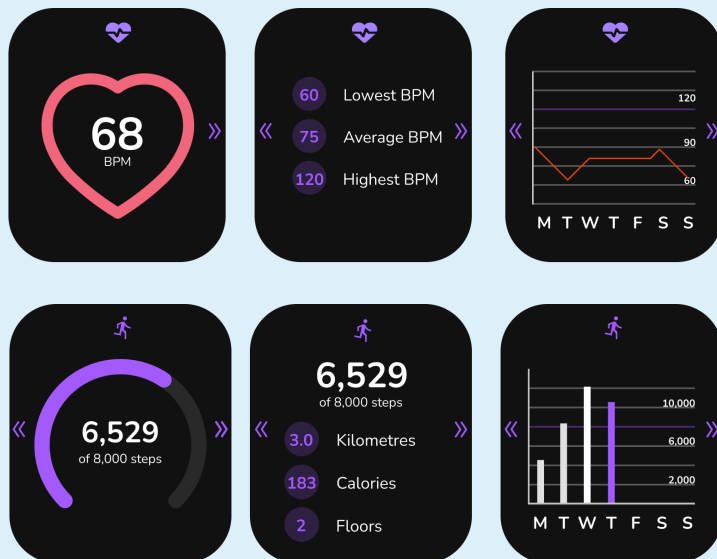
- Minimum cash requirement set at \$750k.
- Specific EBITDA covenants effective from 31 March 2025.



Firmware Updates

New Adventurer and Loop Health and Fitness User Interface

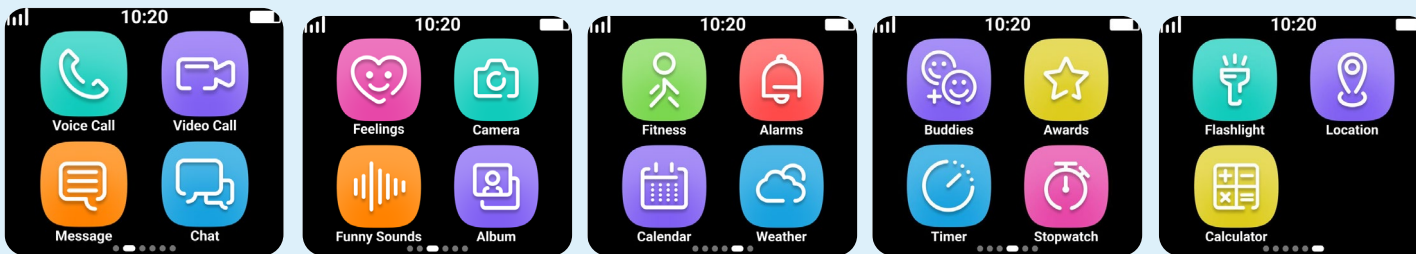
NEW: User Interface



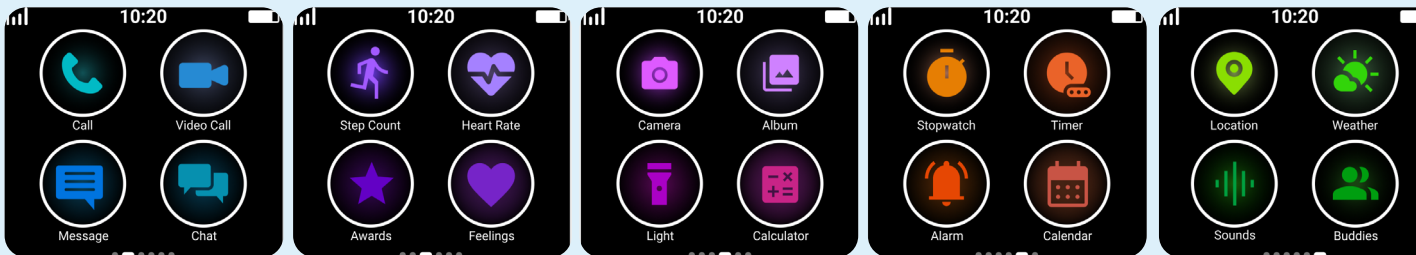
Firmware Updates

New Adventurer and Loop User Interface

OLD: User Interface

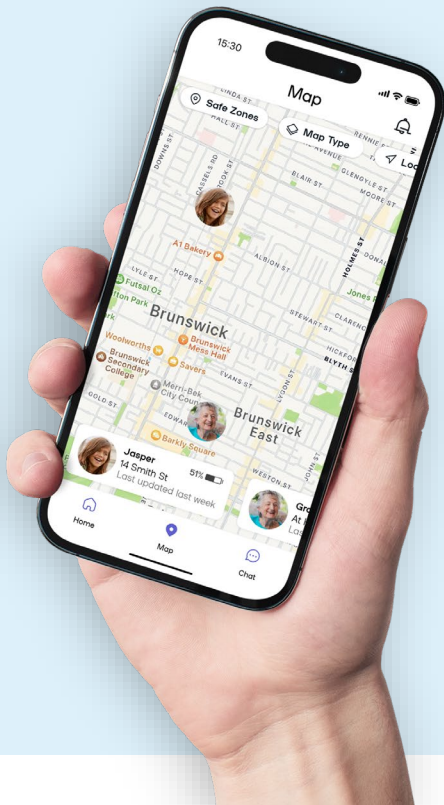


NEW: User Interface



Spacetalk App

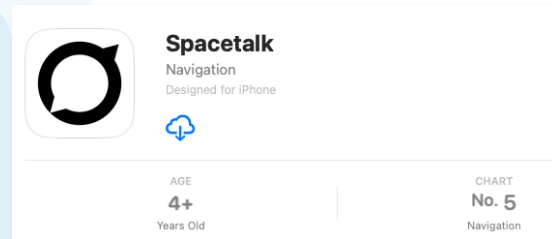
Spacetalk App has been downloaded over 420,000 times and scores 4.6 out of 5 stars from 3,000+ ratings.



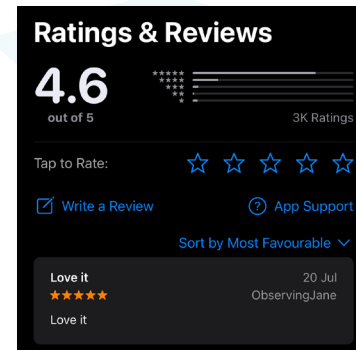
At the centre of the product ecosystem our app is key to retaining families as customers for longer.

Today...

- 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 using Reach.



#5 in Australian Navigation Apps



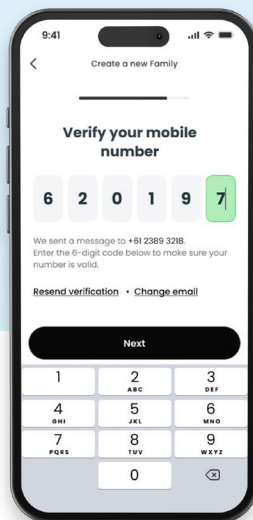
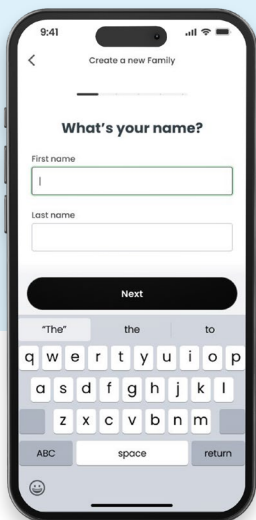
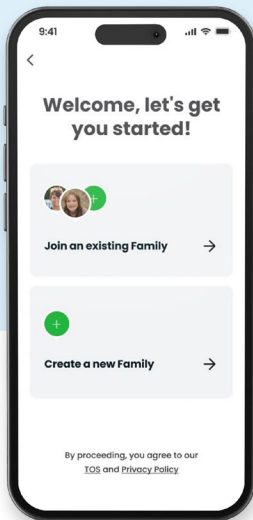
Consistently High Apple App Store Rating

Product development

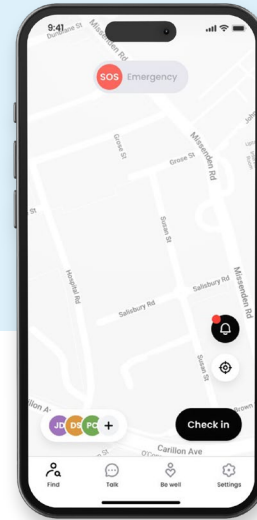
Spacetalk App v1.5 will be a growth engine driving both user acquisition and retention



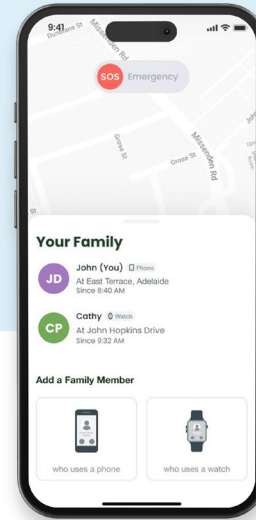
Every connection will now join Spacetalk's Family database



Streamlined onboarding for enhanced customer satisfaction



SOS alerts in case of emergency for peace of mind

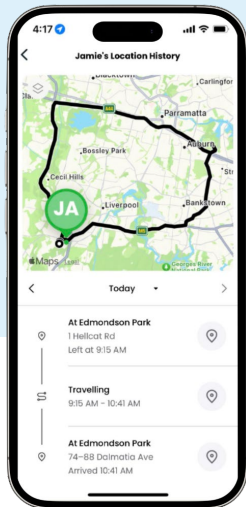


Families at the centre of Spacetalk App v1.5

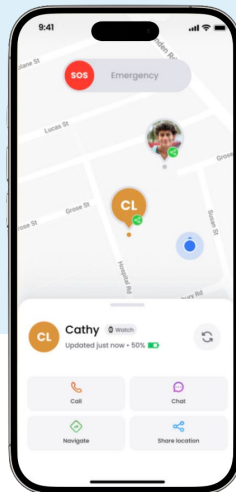
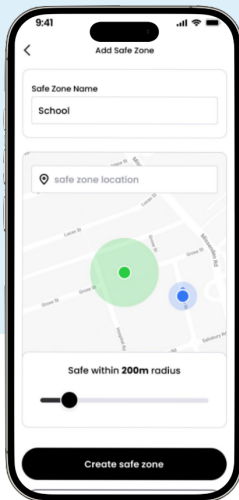
Single App Experience - Any smartphone can be paired with Spacetalk's refreshed app and connected with Spacetalk Mobile plans. Spacetalk's value proposition of freedom and peace of mind now lasts a lifetime.

Product development

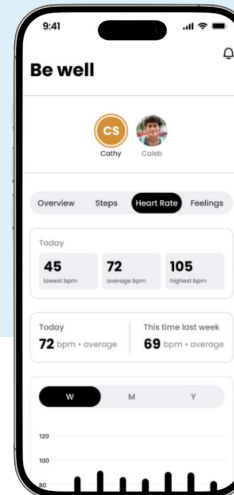
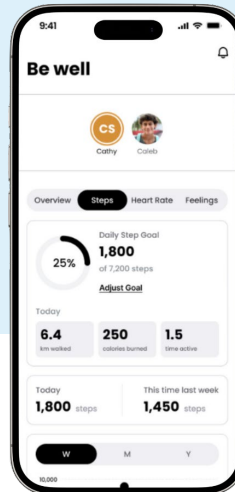
Updated Spacetalk App will be a growth engine driving both user acquisition and retention



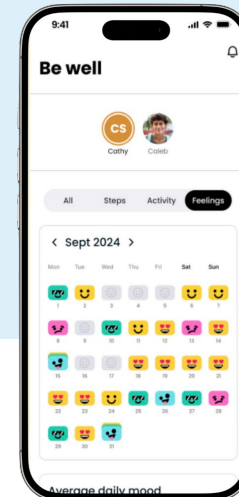
Enhanced location awareness
and safe-zone capability



Personalised health and fitness
insights with check-in feature



Heart rate sensor and
comprehensive feelings capture



Safety at Every Stage of Life

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

Spacetalk Life

The Life wearable addresses safety concerns for seniors

Spacetalk and Neuroscience Research Australia (NeuRA) Collaboration

- Spacetalk 2.0 will utilise wrist-based sensors to identify health risks and predict health outcomes, such as fall risk, stroke risk and early dementia detection through gait analysis.
- The platform will track changes in a customer's wellbeing, sending timely alerts to caregivers to prompt changes in care provision.
- This capability is designed to benefit government payers, healthcare providers, home care organisations, and health insurers by enabling proactive, data-driven care.



UNSW
SYDNEY



The next 12 months...



I am more excited about our future now than I ever have been as we implement our growth initiatives. My thanks to all our shareholders for your support, the support from Pure Asset Management, Georg and the rest of the Spacetalk board and my team for their hard work. There are some exciting announcements and progress ahead and I look forward to seeing this flow through to our results.



Simon Crowther,
CEO & MD



Spacetalk.co

