

ASX Announcement | 11 April 2025
Spacetalk Ltd (ASX: SPA)

Quarterly Activities Report, Business Update and Appendix 4C
for the quarter ended 31 March 2025

Spacetalk Ltd (ASX: SPA) ("Spacetalk" or "the Company") is pleased to provide its Appendix 4C for the quarter ended 31 March 2025 (3QFY25) along with an operational update.

Financial Highlights:

- **Paid Mobile Subscriber Growth:** Paid subscribers for Spacetalk Mobile (MVNO) grew to 42.5k in 3QFY25, up from 29.0k in 3QFY24 – a **47% year-on-year increase**. This reflects the growing appeal and continued strong performance of the Spacetalk Mobile offering.
- **Annual Recurring Revenue (ARR) Growth:** ARR grew to \$11.6m in 3QFY25, **up 21%** from \$9.6m in 3QFY24. This continued growth reflects our shift toward sustainable, high-quality revenue streams, with all hardware sales now including a recurring revenue component.
- **Revenue Growth:** Revenue rose by \$1.1m to \$5.1m in 3QFY25, **up 26%** from \$4.0m in 3QFY24, driven by strong increases in both hardware and mobile revenue compared to the prior corresponding period.
- **Strong Net Cash Generation From Operating Activities Before Inventory Growth:** Operating cash flow before inventory investments was \$2.4m in 3QFY25, an improvement of \$2.5m from -\$0.1m used in 3QFY24, reflecting the strengthening of company's underlying ability to generate cash from core operations.
- **Strong increase in Inventory and service enabling purchases due to international expansion:** Inventory-related payments were \$3.1m in 3QFY25, up \$2.1m from \$1.0m in 3QFY24. The increase was driven by inventory purchases to support our international expansion, strategic buying of end-of-life components ahead of our next hardware launch, and service enabling costs.
- **Continued Operating Payments Reduction:** Payments excluding inventory were \$3.1m in 3QFY25, **down 24%** from \$4.1m in 3QFY24. This reduction reflects the positive impact of

optimising and right sizing the cost base, which continues to be realised across the business.

- **Cash Used In Operating Activities:** Cash used in operating activities was -\$0.8m in 3QFY25, an improvement of \$0.3m from -\$1.1m in 3QFY24. The result reflects a combination of stronger cost management and growing revenue.
- **International Expansion:** We've commenced early-stage sales and business development **across Europe, the UK, Singapore, the USA, Canada, and New Zealand** — **expanding from Australia-only** in the prior year. This is being executed via a capital-light, ecommerce-first land and expand strategy designed to scale efficiently while minimising fixed costs.
Each device sale generates a new subscription, setting the foundation for a growing multiplier effect as we prepare to launch a new app, new hardware, and an AI-driven health and wellbeing wearable for seniors.

Spacetalk Chief Executive Officer and Managing Director Simon Crowther said:

"I'm pleased to share that Spacetalk is continuing to build momentum. This quarter reflects real progress in strengthening our business model — one that is recurring, scalable, and globally relevant. Our mobile offering continues to gain traction with families, and the growth in our paid subscriber base is a strong indicator of product-market fit and customer trust."

"We've seen meaningful improvement in the quality of our revenue, underpinned by either a recurring mobile or recurring app fee attached to every device sold. The increase in revenue — and more importantly, the consistency of it — is a direct result of the hard work we've done to shift toward sustainable, higher-margin recurring revenue streams."

"Operationally, we've demonstrated a disciplined approach to cash. Before inventory related investment, we generated \$2.4 million in operating cash — evidence that our core engine is working well. At the same time, we invested \$3.1 million in inventory and service enabling costs, compared to \$1.0 million in the same period last year. This uplift reflects targeted purchases to support international expansion, secure end-of-life components, and ensure we are well prepared ahead of our next hardware launch."

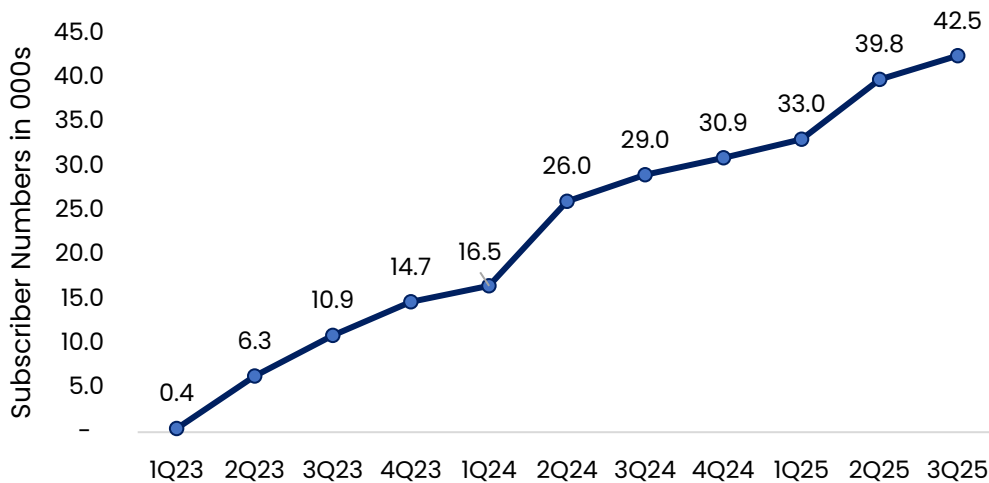
"It's also pleasing to see our cost base is lean and efficient. A 24% reduction in operating payments shows that the tough calls we made last year are now delivering real benefit."

"While still early days, we've begun extending our reach beyond Australia — with sales and business development now underway in several international markets. Every device we sell creates a recurring subscription, and we're setting the stage for broader impact as we prepare to launch a new app, next-generation hardware, and, in due course, our senior's product."

Recurring revenue

Growth in Paid Mobile Subscriber Base

Paying Mobile Subscriber Growth

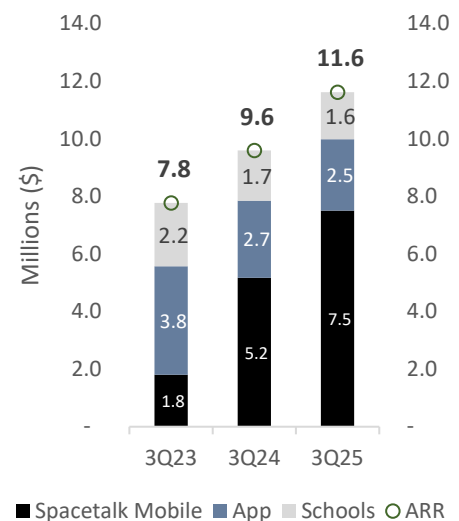


Spacetalk recorded a 47% year-on-year increase in paid mobile subscribers, reaching 42.5k in 3QFY25, up from 29.0k in 3QFY24. Quarter-on-quarter growth of 6.8% in 3QFY25 further demonstrates consistent momentum. Each new hardware sale drives recurring revenue and deeper engagement within the Spacetalk ecosystem — reinforcing the scalability and strength of our business model.

Annual Recurring Revenue (ARR) Growth

- **Annual Recurring Revenue (ARR)** increased by 21% vs PCP to \$11.6m (3QFY24: \$9.6m), reflecting our focus on building sustainable, high-quality recurring revenue streams across the business.
- **ARR from Spacetalk Mobile** grew by 44% vs PCP to \$7.5m (3QFY24: \$5.2m), driven by strong subscriber growth. The focus on mobile revenue reflects the superior unit economics compared to app revenue. Mobile subscribers do not pay separately for the app, which increases overall recurring revenue and profitability per customer.
- **ARR from the App** declined marginally to \$2.5m (3QFY24: \$2.7m), reflecting a decrease in paying app users as more customers transition to the mobile subscription model. However, app usage remains high, with the majority of users accessing the app through their mobile subscription, rather than paying separately for it.

Annual Recurring Revenue (ARR) Growth



- **ARR from Schools** decreased slightly to \$1.6m (3QFY24: \$1.7m), in line with expectations as we manage this offering in run-off mode, with state governments progressively insourcing these services.
- The focus remains on **maximizing recurring revenue** and increasing customer lifetime value. Ongoing initiatives, including the development of a new app-Spacetalk 2.0 with more features, aim to further enhance the customer experience and support this strategic transition while maintaining high-quality, sustainable growth.

Revenue and Gross Profit Highlights:

	3Q25 in '\$'000s		3Q24 in '\$'000s		PCP Change	
	Revenue	Gross Profit	Revenue	Gross Profit	Revenue	Gross Profit
Devices	2,215	835	1,508	488	47%	71%
Schools	306	282	406	406	(25%)	(31%)
Spacetalk Mobile	1,878	970	1,337	719	40%	35%
Apps	619	359	698	543	(11%)	(34%)
Seniors	7	6	51	48	(86%)	(88%)
Corporate	28	28	0	0		
TOTAL	5,053	2,480	4,000	2,204	26%	13%

- Revenue continued its strong growth and increased by 26% vs PCP, reaching \$5.0m (3QFY24: \$4.0m).
- Device revenue increased by 47% to \$2.2m (3QFY24: \$1.5m), primarily driven by strong retail sales
- Spacetalk Mobile continues its growth trajectory, with revenue increasing by 40% to \$1.8m (3QFY24: \$1.3m), a rise of \$0.5m vs PCP. This growth reflects strong customer retention combined with ongoing expansion in subscriptions and higher ARPU, reinforcing Spacetalk Mobile as a key driver of our sustainable revenue growth.
- App revenue declined slightly, in line with expectations, with revenue decreasing by 11% to \$0.6m (3QFY24: \$0.7m) while the user base was maintained. This decline reflects the ongoing strategic shift towards Spacetalk Mobile, where revenue increased by \$0.5m, achieving higher revenue and profit per customer.
- The Spacetalk App is a key focus area. The development of Spacetalk App 2.0 is actively underway. We expect this new version to enhance the customer experience and drive growth once released globally, further supporting the ecosystem of Spacetalk devices, mobile, and software.
- Seniors business sales remain lumpy at this early stage but are showing strong interest as we activate reseller partnerships. This fast-growing sector is a key focus area strategically for Spacetalk.

- Corporate revenue includes an EMDG grant we qualified for this year. We expect to qualify for larger grants in future years as we expand geographically.

Cashflow from Operating & Investing Activities

- Net Cash Generated From (used in) Operating Activities Before Inventory Growth:
Operating cash flow before inventory investments was \$2.4m in 3QFY25, an improvement of \$2.5m from -\$0.1m used in 3QFY24, reflecting the company's stronger ability to generate cash from core operations.
- Investing activities remained consistent at \$0.4m (3QFY24: \$0.4m) for the quarter, allocating funds towards strategic growth initiatives, including app development and product innovation.

Financing Activities:

- During the quarter, we are pleased to announce that we repaid the first \$100k to Pure, reducing the debt of the company.
- After the quarter end, we successfully raised \$1.3m, made up of \$1.1m from institutional investors, further strengthening our shareholder base as a cornerstone for future growth.

Related Party Payments

Payments to related parties and their associates during the quarter amounted to \$144k, and this related to aggregate remuneration paid to all Directors of the company for the period.

To keep up to date with company news and announcements visit investorhub.spacetalk.co.

For further information or investor enquiries, please contact:

Spacetalk Ltd (ASX: SPA)

Simon Crowther

CEO and Managing Director

investors@spacetalk.co

www.spacetalk.co

ABOUT SPACETALK LTD

Spacetalk Ltd (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

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: www.spacetalk.co

FORWARD-LOOKING STATEMENTS

This announcement may contain forward-looking statements. These statements are based on Spacetalk's expectations, estimates, and projections at the time the statements are made. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Actual outcomes and results may differ materially from those expressed or implied in these forward-looking statements. Spacetalk undertakes no obligation to update these statements for events or circumstances occurring after the date of this announcement.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Spacetalk Ltd

ABN

93 091 351 530

Quarter ended ("current quarter")

March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,487	13,458
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,132)	(6,000)
(c) advertising and marketing	(477)	(1,214)
(d) leased assets	(46)	(109)
(e) staff costs	(1,631)	(4,349)
(f) administration and corporate costs	(1,340)	(4,290)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(118)	(479)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	477	477
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(780)	(2,506)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant, and equipment	(15)	(22)
(d) investments	-	-
(e) intellectual property	(361)	(1,013)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant, and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(376)	(1,035)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,341
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(5)	(312)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(100)	(100)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(105)	2,929
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,419	1,770
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(780)	(2,506)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(376)	(1,035)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(105)	2,929
4.5	Effect of movement in exchange rates on cash held	2	2
4.6	Cash and cash equivalents at end of period	1,160	1,160

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	499	1,758
5.2	Call deposits	661	661
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,160	2,419

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1*	144
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

* Aggregate amount paid to all Directors of the entity including salary, directors fees, consulting fees and superannuation.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,900	4,900
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	4,900	4,900
7.5 Unused financing facilities available at quarter end	NIL	
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Debt Facility : \$4.9 million</p> <p>KEY TERMS:</p> <ul style="list-style-type: none"> • Interest rate: 9.50% • Maturity date: March 2027 <p>AMORTISATION SCHEDULE:</p> <ul style="list-style-type: none"> • <ul style="list-style-type: none"> • March 2025 – February 2026 repay \$0.100 million per month • March 2026 – March 2027 repay \$0.125 million per month • 31 March 2027 Final payment of outstanding capital <p>FINANCIAL COVENANTS:</p> <ul style="list-style-type: none"> • Minimum cash balance: cash to exceed \$750,000 at all times. • EBITDA covenants: Specific targets to be met quarterly from 30 June 2025 onwards. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(780)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,160
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,160
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.5
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Yes, the entity expects to maintain or improve its current level of net operating cash flows over time.

We are delivering double-digit growth in both revenue and gross profit each quarter compared to the prior corresponding period (e.g. revenue grew 26% this quarter vs PCP). This momentum continues to reduce operating cash outflows.

While the business is currently seasonal, with inventory purchases affecting short-term cash flows, this impact is expected to lessen over time. As high-margin, recurring revenue becomes a larger proportion of total revenue, the business will become less seasonal, and inventory requirements as a percentage of revenue will decrease — improving overall cash flow stability.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes, the entity has taken steps to raise further cash to fund its operations.

On 9 April 2025, we announced the successful completion of a \$1.265 million capital raise, with the majority of funds coming from new institutional investors. This strengthens our balance sheet and demonstrates growing confidence in the business and its strategy. The strong level of support received, particularly from institutional participants, gives us confidence in our ability to access further funding if required.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, the entity expects to be able to continue its operations and meet its business objectives.

This expectation is supported by sustained double-digit revenue growth. For example, revenue grew 26% in 3QFY25 compared to the prior corresponding period. This positive trend continues quarter-on-quarter, strengthening our operating performance.

Additionally, the successful capital raise announced on 9 April 2025 brought in \$1.265 million, primarily from new institutional investors, further supporting our cash position. The participation of new institutional investors not only strengthens our balance sheet but also broadens our investor base, opening up greater access to capital in future, should additional funding be required.

We are also improving the quality of our earnings by increasing the share of high-margin, recurring revenue. As these layers compound, we expect greater cash flow stability, reduced seasonality, and a lower reliance on inventory outlays as a percentage of revenue — placing the business in a strong position to deliver on its strategic and financial objectives.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

11 April 2025

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.