

ASX Announcement | 25 February 2025

Spacetalk Ltd (ASX: SPA)

Strong Half-Year Performance with Revenue Growth, Margin Expansion, and Significant EBITDA Improvement

Spacetalk Delivers Strong 1H25 Results, Driven by Subscription
Growth, Cost Optimisation, and a 96% EBITDA Improvement

Spacetalk Ltd (ASX: SPA) ("Spacetalk" or "the Company") is pleased to provide its half year results for the six months ended 31 December 2024 (1H25).

KEY PERFORMANCE HIGHLIGHTS

- Annual recurring revenue (ARR) grew 16% on the prior corresponding period ("pcp") to \$11.0M.
- Paid mobile subscribers grew 54% on pcp to 40k.
- Revenue from continuing operations increased 12% vs pcp to \$10.3M.
- Gross profit from continuing operations increased 24% vs pcp to \$5.2M.
- Expenses decreased 23% vs pcp to \$5.4M, contributing to improved profitability.
- EBITDA improved 96% vs pcp to \$(0.1M), reflecting stronger operational efficiency.
- Debt restructuring completed post-period end, freeing up \$0.75M over the next 12th months and providing greater financial flexibility.
- Cash in bank was \$2.4M at period end.

Commenting on the half year performance, Spacetalk's CEO and Managing Director, Simon Crowther, said:

"Spacetalk is on course to become a sustainably profitable business. We are evolving from a loss-making kids' wearables company into a cash generating, software driven, hardware - supported subscription platform, providing comprehensive family safety solutions.

Significant progress has been made during the first half of the year as we focus on international scaling and product development. Our approach is capital light via digital channels specifically Shopify and Amazon. This gives us the opportunity to expand rapidly and in a controlled manner.

We have an ambitious product development schedule in the coming quarters. The next generation of kids' and seniors' hardware is in development plus an entirely new software experience for our customers and users. Expect a significant upgrade in both user experience and bringing our ecosystem to life with unique product capabilities. These initiatives will drive subscriptions as we remain focused on delivering \$20-25m ARR in 2026.

My thanks to Pure Asset Management for supporting our growth and innovation agenda. The restructuring of the legacy debt is a big win for the business and shareholders and enables us to focus on driving the business forward.

I am confident we are putting ourselves in a good position to deliver returns for shareholders in the long term as we execute on our strategy. "

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1H25 Financial Results Summary

Total revenue from continuing operations reached \$10.3M, up 12% vs pcp, driven by strong mobile subscription growth. Mobile revenue increased by \$1.2M, supported by a 54% increase in paid subscribers from 26k to 40k.

Revenue mix continues to shift towards higher-margin, subscription-based revenue, with annual recurring revenue (ARR) growing 16% on pcp to \$11.0M, reinforcing predictable revenue growth.

Gross profit increased 24% vs pcp to \$5.2M, with margins expanding from 46% to 51% due to a better product mix and the elimination of prior-period stock discounting.

Operating expenses decreased 23% vs pcp to \$5.3M, reflecting cost optimisations, lower employee-related costs, and efficiency gains. The leaner cost structure provides flexibility to invest in growth while maintaining profitability.

EBITDA improved 96% vs pcp, reducing losses from (\$2.7M) to (\$0.1M), driven by strong revenue growth, a 24% increase in gross profit, and disciplined cost management. The shift to a subscription-led model continues to improve earnings resilience, with further improvements expected.

Funding

Spacetalk has successfully renegotiated its \$5 million loan facility, enhancing financial flexibility and providing greater access to growth capital over the loan term. The new arrangement, completed post-balance sheet date, would have the effect of reducing near-term repayment obligations, with only \$1.0M classified as a current liability at 31 December 2024, compared to \$1.75M under the previous arrangement, effectively freeing up \$750K over the next 12 months. The revised repayment schedule introduces monthly payments from March 2025, with the final principal balance due in March 2027. Key covenant adjustments include maintaining a minimum cash balance of \$750K and meeting EBITDA targets from June 2025. The refinancing also includes a warrant adjustment, replacing an expiring 9M share warrant with a new one, subject to shareholder approval.

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The release of this announcement has been approved by Spacetalk's CEO, Simon Crowther, on behalf of the board of directors of the Company.

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

For further information or investor enquiries, please contact: investors@spacetalk.co

Spacetalk Limited (ASX: SPA)

Simon Crowther

CEO and Managing Director

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 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

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.