SPACETALK

Q4 and FY21 Results Preview

(ASX: SPA)

15 JULY 2021



CONNECTED FAMILIES • CONFIDENT KIDS • SAFE SENIORS

Q4 and FY21 Results Preview

Spacetalk Ltd (ASX: SPA) (“Spacetalk” or “Company” or “Group”), developer of innovative technologies that keep families safe and connected, is pleased to provide a preview of our revenue for the year ended 30 June 2021 (including a breakout of Q4 FY2021) (unaudited). FY2021 audited results will be reported in August 2021.

“Q4 and FY21 delivered record revenue driven by a combination of strong demand and sell-through of our devices, continued growth in App revenue, and the onboarding of large new tier-1 partners.

Our new partnerships with some of the world’s largest telcos – including Telstra, Telefonica UK (O2), Virgin UK – bears testament to the strong growth in the kids smartphone watch category and their urgent focus on participating in it; importantly, with us. Spacetalk is the first and presently sole offering in the category of these new partner telcos – a strong worldwide endorsement of the quality, reliability and customer appeal of our devices and App.

Whilst Spacetalk Adventurer marked a huge advancement for the kids smartphone watch category, incorporating major design, hardware and software engineering breakthroughs into a high-quality device, Q4 marked a significant technological advancement for the Spacetalk LIFE seniors device, with the rollout of Fall Detection. Fall Detection introduced ground-breaking new technology, incorporating real time data recording and triangulation, Artificial Intelligence (AI), and machine learning; continually enhancing its high accuracy in real time as more people use the devices. The business case around Spacetalk LIFE was also enhanced with our registration as an NDIS provider and a B2B2C initiative with Aged and Home Care providers, NDIS providers and OTs.

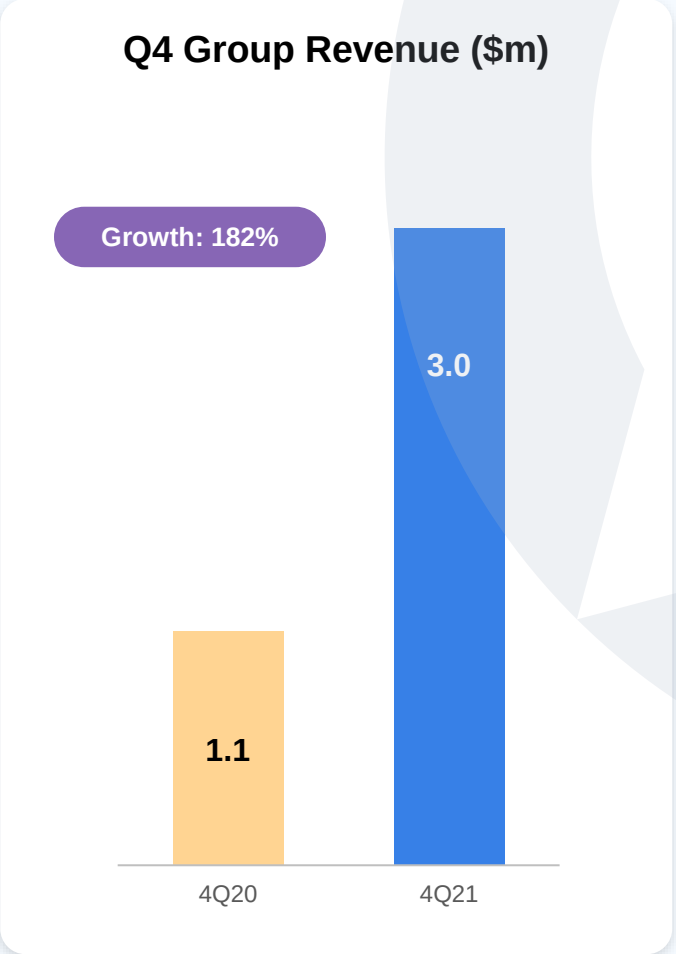
In sum, FY21 has been a seminal year in which we have brought to market world-first new technology and our products now range as the flagships of the category for some of the world’s largest telcos and retailers.”

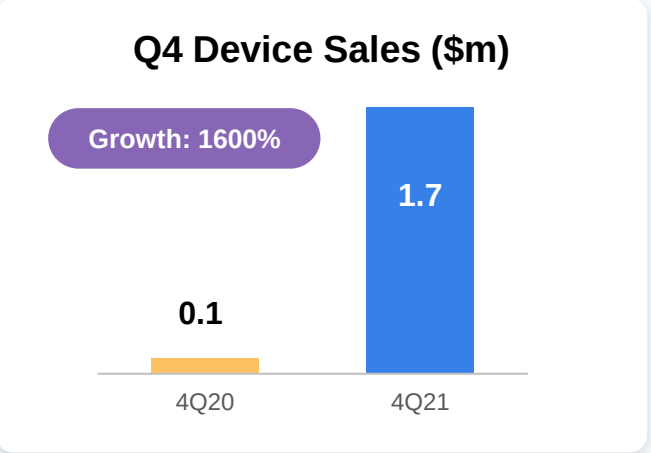
--- Mark Fortunatow, Spacetalk Founder and CEO

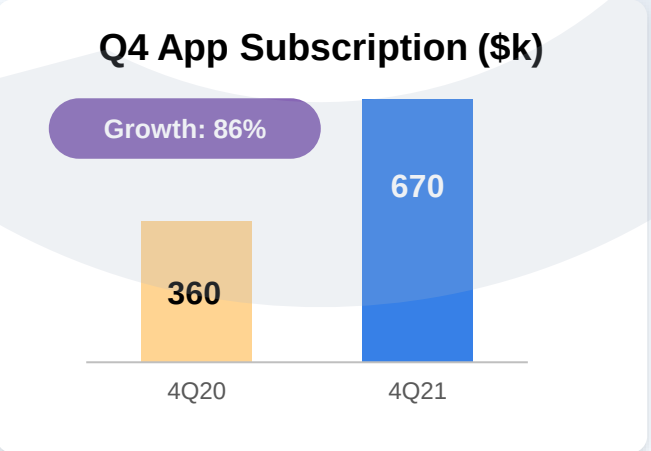
Q4 Record Revenue (unaudited)

Best Q4 Revenue in the Company's history.

- Q4 Group Revenue of $3.0m, up 182% pcp (from $1.1m), a new record
- Q4 Device Sales revenue of $1.7m, up 1600% pcp (from $0.1m)
  - ✓ New tier-1 partners[1]
  - ✓ Strong sell-through from new and existing distribution partners to their customers
- Q4 App Subscription revenue of $670k, up 86% pcp (from $360k), contributing to growing our App Annualised Recurring Revenue (ARR) to $2.8m
- Schools business Q4 revenue stable at $0.6m
- Cash burn for Q4 was approximately $700k. Cash balance end of quarter is over $4.2m







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Footnote 1: Partnership announced with O2 is not reflected in Q4 and FY21 revenue.

Q4 Business Highlights

New partnerships Tier-1 Global Telcos

Australia

- Telstra – Australia's largest telco launched
- Woolworths Mobile

United Kingdom

- O2 – UK's largest mobile network
- Virgin Mobile
- Sky – expanded ranging to include Adventurer

Platform Innovation

- **Fall Detection** for LIFE device for seniors – ground-breaking new technology, incorporating real time data recording and triangulation, AI, and machine learning
- Improved Spacetalk in-app embedded services

Spacetalk LIFE business model

- Launched B2B2C channel for LIFE device for seniors
- Targets Aged/Home Care, NDIS operators and OTs
- SPA registered as an NDIS Provider
- Pricing repositioned for 100% government funded via the NDIS, CHSP, HCP

Investment in people

- Attracting high quality talent globally
- New USA Country Manager and UK Customer Service team/infrastructure
- Key hires across ANZ, UK, USA for development, marketing, operations and customer service

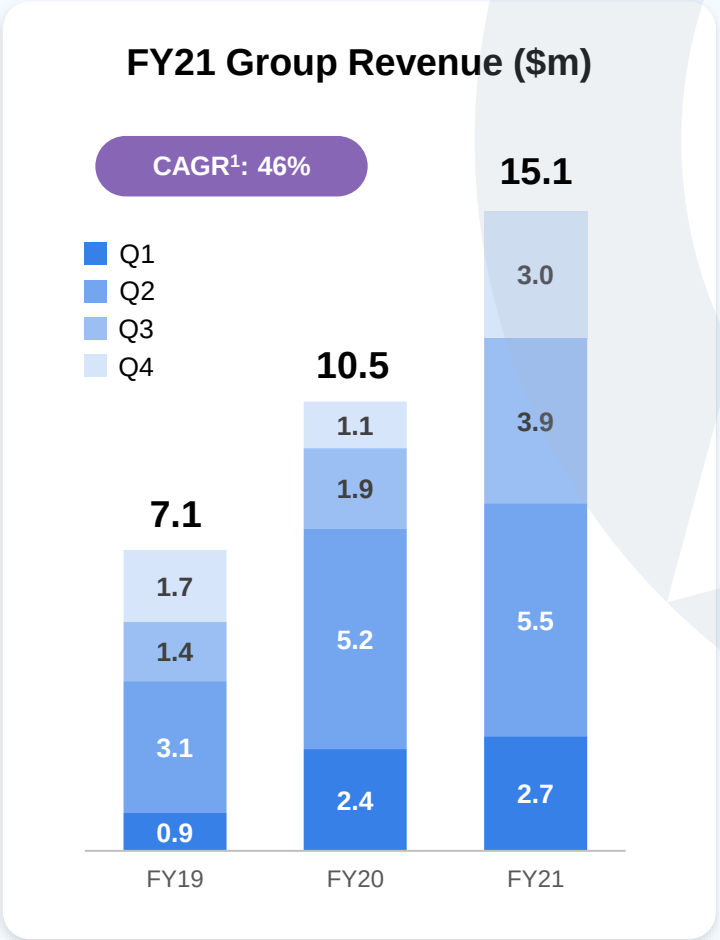
High customer satisfaction

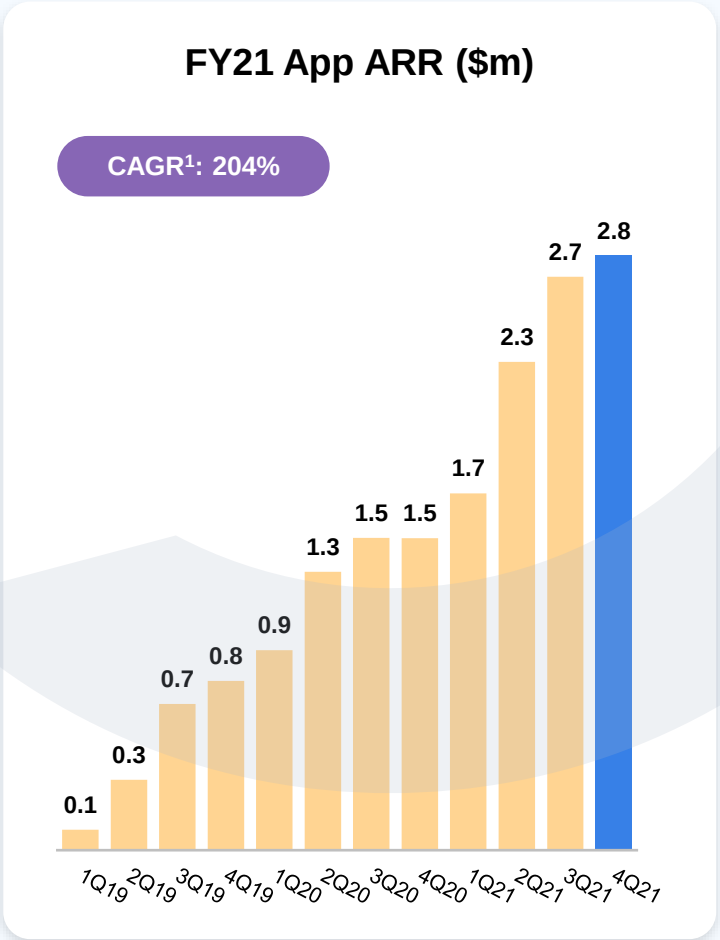
- Operating leverage from partnerships with leading global telcos and their category build
- Growing recognition of the practical benefits our products deliver to users
- Ranging as the sole and flagship product of global telcos and retailers

FY21 Record Revenue (unaudited)

$15.1 million Revenue | Exceptional ARR growth.

- FY21 Revenue hit $15.1m, an all time high, up 43% pcp (from $10.5m)
- FY21 Device sales revenue of $10.6m, up 65% pcp (from $6.4m)
    - Australia – device sales revenue of $9.1m, up 85% pcp ($4.9m)
    - UK – device sales flat at $1.5m
- FY21 App Subscription revenue of $2.2m, up 76% pcp (from $1.2m), with App ARR of $2.8m (from $1.5m)
- Schools business FY21 revenue of $2.2m, down 21% pcp (from $2.8m, driven by a one-off SMS revenue spike due to COVID-19)





Footnote 1: CAGR = Compound Annual Growth Rate.

FY21 Objectives Scorecard

Focused pursuit of our strategic priorities for FY21.

1 Growing our top-line

- +43% pcp Group Revenue to $15.1m
- +65% pcp Device Sales to $10.6m
- +76% pcp App Subscription to $2.2m

2 Capturing the global market opportunity

- Launched Adventurer across ANZ and UK
- New partnerships - Telstra, Telefonica UK (O2), Virgin UK
- New UK Country Manager and expanded customer support
- New USA Country Manager, sales and customer support
- On track for CY21 USA launch

3 Advancing our App

- New Family Chat
- New Fall Detection
- Enhanced in-app experience

4 Expanding Spacetalk LIFE distribution

- Launched B2B2C - Aged/Home Care, NDIS operators, OTs
- Approved NDIS Registered Provider
- Pricing repositioned to be 100% government funded

5 Improved operating cost efficiencies

- Details to be provided in audited FY21 results (August)

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“The conception, development and roll-out of [these] ground-breaking features highlights a uniqueness of Spacetalk amongst smartphone watch manufacturers, and especially in the niche of building purpose-built devices for kids and seniors… We own the entire end-to-end IP, technology and ecosystem. We own the device design, circuitry IP, firmware, apps and servers. And of course, we own the brand. This tightly integrated and seamless in-house approach means we have full control to build amazing new functionality that really sets us apart. It provides real competitive advantages and gives us the flexibility to move towards new business models; where for instance, responsible sharing of data for the benefit of users (engagement, health, safety, etc.) with their consent, becomes the key value proposition.”

--- Mark Fortunatow, Spacetalk Founder and CEO

10 June 2021, “Spacetalk Launches Fall Detection Technology for Seniors”



This announcement has been authorized by Spacetalk CEO Mark Fortunatow.

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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.

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