

ASX Announcement
Spacetalk Ltd. (ASX:SPA)
23 November 2022

Spacetalk Restructures Loan Facility and Launches Rights Issue

Highlights

- **Spacetalk Ltd. signs binding term sheet with PURE Asset Management to restructure its loan facility, including to reduce interest rate and extend term.**
- **Spacetalk further launches a 1 for 1.65 non-renounceable entitlement issue seeking to raise up to approximately \$4.0 million to be used principally to purchase inventory, fund working capital and to meet restructure expenses. Each entitlement will be priced at \$0.03.**
- **One free attaching option will be issued for every two shares subscribed for and issued under the entitlement offer. Each option will have a \$0.06 exercise price and expire on the date that is two years from the date of issue.**
- **Spacetalk Directors will take up their full entitlements and commit to subscribe for approximately \$0.24 million of any shortfall shares.**
- **PURE Asset Management has confirmed their continued support as both lender and shareholder.**

Spacetalk Ltd. (ASX:SPA) (“Spacetalk” or “Company”), the Australian company that provides safety and connectivity to families, provides the following update.

PURE Loan Facility Restructure:

Spacetalk has signed a binding term sheet with PURE Asset Management Pty Ltd (“PURE”) to restructure its \$5.0 million loan facility. Upon final document execution, the:

- interest rate for the \$3.0 million term loan will be 9.5% per annum, with the repayment date remaining 20 March 2025; and
- interest rate for the \$2.0 million bridging loan will be reduced to 9.5% per annum, with the repayment date extended to 1 July 2024 from the current 10 September 2023.

It is estimated that the interest rate reduction will result in an annualised saving of approximately \$0.3 million.

Upon final document execution and subject to the receipt of binding commitments for an equity capital raise prior to 31 December 2022, the financial covenants on the loan facility will also be modified to reflect the current development stage of the Company.

In accordance with the terms of the loan facility renegotiation, Spacetalk is required to issue to PURE a warrant over 90 million Spacetalk shares, exercisable at any time prior to 13 March 2025 (7 days prior to repayment date of the term loan). The warrant exercise price will be \$0.06 per share with provision for a price adjustment under certain circumstances including but not limited to a change of control or future equity issuances exceeding 15% of shares on issue.

Should this warrant be exercised in full at \$0.06 per share, this would provide the Company with an additional \$5.4 million of cash, an amount sufficient to fully extinguish existing PURE indebtedness.

The warrant is subject to shareholder approval, with an extraordinary general meeting to be scheduled prior to 28 February 2023. If shareholder approval of the warrant is not forthcoming, Spacetalk will be required to indemnify PURE on demand for the full economic value of the warrant (calculated using the Black & Scholes methodology) and any other cost, expense, loss, or liability (including legal fees) incurred by PURE.

PURE's existing security, being a first ranking general security over all present and after-acquired property of the Company and its subsidiaries, will remain.

A summary of the key terms of the facility is contained in Appendix 1.



Rights Issue:

Spacetalk today also announces that it is launching a non-renounceable entitlement offer seeking to raise up to approximately \$4.0 million before costs, to be used principally to purchase inventory, fund working capital, and to meet restructure expenses. Each entitlement will be priced at \$0.03.

One free attaching option will be issued for every two shares subscribed for and issued under the entitlement offer. Each option will have a \$0.06 exercise price and an expiry date that is two years from the date of issue.

If this offer is fully subscribed, an additional approximately 132.0 million shares and 66.0 million options will be issued. Should these options be exercised in full at \$0.06 per share, this would provide the Company with an additional \$4.0 million of cash.

Spacetalk Directors will take up their full entitlements and commit to subscribe for approximately \$0.24 million of any shortfall shares.

Any entitlements not taken up will form a Shortfall Offer. The Shortfall Offer is a separate offer and will remain open for up to three months following the closing date of the entitlement offer. The issue price for each share to be issued under the Shortfall Offer will be the same as that for the entitlement offer (\$0.03 plus one attaching option for every 2 shares subscribed for and issued).

It is anticipated that the Prospectus will be lodged with ASIC and ASX in the coming days. An indicative timetable is provided in Appendix 2.



Veritas Securities to Act as Lead Manager

Spacetalk has entered into an agreement with Veritas Securities Limited (“Veritas”) to act as lead manager to Spacetalk’s entitlement offer.

Veritas will receive up to 6% of the total capital raised as the fee for this service. In addition, Veritas will receive 2.0 million options plus a further 1 option for every \$1.50 raised under the offer. The issue of options to Veritas is subject to the Company having sufficient capacity under ASX Listing Rule 7.1 or otherwise subject to shareholder approval and the options will be on the same terms as the options attaching to the entitlements. Specifically, each Veritas option will have a \$0.06 exercise price and an expiry date that is two years from the date of issue.

Veritas will pay away some of their fees for certain investors including but not limited to Spacetalk Directors and approved introducing parties holding an AFSL.

Spacetalk Acting CEO Saurabh Jain said: “This successful renegotiation of our debt facility with PURE and our entitlement offer are an important reset of Spacetalk’s capital strategy. Together, it will remove key uncertainties allowing the Company to focus on executing on its growth and turn-around strategy.

“PURE has been very supportive throughout the facility renegotiation process and are excited for the future of the business.

“We are very grateful for the ongoing support of our shareholders, lenders, and customers and look forward to an exciting Spacetalk future.”

This announcement has been authorised by the Spacetalk Board.

Appendix 1 – Key PURE Facility Renegotiated Terms

Term Loan Interest Rate	9.50% per annum, paid quarterly
Term Loan Repayment Date	\$3,000,000 repayable on 20 March 2025
Bridging Loan Interest Rate	9.50% per annum, paid quarterly
Bridging Loan Repayment Date	\$2,000,000 repayable on 1 July 2024
Voluntary Repayment	In minimum tranches of \$500,000, on 60 business days' notice, with a 2.50% repayment fee
Security	First ranking charge over all present and after-acquired property of the Company and its subsidiaries per existing General Security Deed
Financial Covenant Pre-30 June 2023	- Upon finalising the Deed of Amendment and Restatement and the receipt of binding commitments for a capital raising prior to 31 December 2022, existing covenants will be rescinded and replaced as follows: Pre-30 June 2023 - Financial Covenants in respect of minimum cash holdings adjusted for inventory increases and trade creditors. Post-30 June 2023 - Financial Covenant in respect of minimum cash holdings plus one additional covenant to be agreed prior to 30 April 2023.
Warrant	- A warrant over 90,000,000 shares - Subject to an Exercise Price being the lower of \$0.06 and adjusted prior in the event of a change of control or new equity issuance, exceeding 15% of shares on issue, provided that no adjustment will occur as a result of the entitlement issue referenced in this announcement.

Appendix 2 – Indicative Rights Issue Timetable

Announcement of Offer & Appendix 3B	Wednesday, 23 November 2022
Lodgement of Prospectus with ASIC & ASX	Friday, 25 November 2022
Ex-date	Wednesday, 30 November 2022
Record Date for determining Entitlements	Thursday, 1 December 2022
Prospectus despatched to Shareholders & Company announces despatch has been completed	Tuesday, 6 December 2022
Last day to extend Closing Date	Monday, 12 December 2022
Closing Date*	Thursday, 15 December 2022
Securities quoted on a deferred settlement basis from market open	Friday, 16 December 2022
Announcement of results of issue	Thursday, 22 December 2022
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the securities (before noon Sydney time)	Thursday, 22 December 2022



For more information, please contact:

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About Spacetalk Ltd.

Spacetalk Ltd. (ASX:SPA) is an Australian company that strives to bring the best wearables and software ecosystem to families around the world to advance child safety, development, and wellness.

The ASX-listed company is recognised globally as a leader in the connected wearables industry thanks to its unique proprietary ecosystem that keeps families connected. This market-leading hardware and trusted, parent-controlled software platform enable children and families to experience the benefits of mobile technology securely and with confidence.

With the Spacetalk App, parents can prevent their children's access to the open internet, social media and inappropriate adult content while blocking calls and messages from unknown senders. The app also keeps track of a child's location and is customisable so every feature can be enabled and disabled as needed.

Spacetalk's best-in-class software platform supports children's development by facilitating engaging, confidence-building experiences that the whole family can participate in and enjoy.

The Spacetalk smartphone-watch is a child's first mobile phone, offering all the benefits of a smartphone and operating on a secure, private and parent-controlled ecosystem that can be customised to reflect each family's needs and values. Together, the watches and software platform provide a complete digital communication solution that families can rely on at all times.

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/>.