ASX Announcement
Spacetalk Ltd. (ASX:SPA)
5th December 2022

Record Breaking Black Friday – Cyber Monday Trading and Business Update

Spacetalk Ltd. (ASX:SPA) ("Spacetalk" or "Company"), the Australian company that provides freedom and connectivity to families, offers the following update.

Black Friday and Cyber Monday Sales

Spacetalk experienced a strong Black Friday-Cyber Monday ("BF-CM") sales period across all regions.

Based on Company estimates, 2022 BF-CM sell-out[1] of the Spacetalk Adventurer was 39% higher than in 2021 which was Spacetalk's best-performing prior quarter ever. This bodes well for Spacetalk's sell-in[2] and revenue performance for 2Q2023 and 3Q2023.

Cash management update

Improving inventory turns, strong sales, debtor recoveries, and expense management have been enablers of Spacetalk's prudent cash management strategy. As previously announced in the Company's 1Q2023 Business update, the cash balance was $2.7 million as of 30th September 2022. The Company's cash balance as of 30 November 2022 was $2.5 million.

Cash from BF-CM sales are expected to be received in 3Q2023 as payment terms mature.

JumpySIM

JumpySIM continues to perform well across both new activations and subscription renewals.

[1] 'Sell-out' refers to end consumer purchase of Spacetalk wearables from Spacetalk e-commerce channels and from Spacetalk's distribution partners.
[2] 'Sell-in' refers to Spacetalk sales to distribution partners such as retailers and telecommunication companies. Spacetalk recognised revenue on sell-in sales.

JumpySIM AU officially launched in October and has grown by an average of 41% per week.

JumpySIM US, officially launched in June and has grown by an average of 24% per week.

More than half of all JumpySIM AU and JumpySIM US service subscriptions have been in pre-paid multi-period month plans contributing to a working capital improvement.

JumpySIM growth will support ongoing Spacetalk Annualised Recurring Revenue ("ARR") growth.

Cost Optimisation Program

As previously announced, the Company has identified $2 million of annualised operating cost savings. Approximately 50% of these savings have been implemented, with the remainder scheduled to be implemented shortly. Savings will benefit the 2nd half of FY2023, after restructuring costs are taken into consideration.

Further cost optimisation opportunities are under investigation.

Board Participation in Non-Renounceable Rights Issue

Spacetalk Directors eligible to participate in the Non-Renounceable Rights Issue have indicated that they will take up their full rights. In addition, Spacetalk Directors have committed to purchase $235,000 of any shortfall, should it occur.

Board and Executive team update

All of the Directors and executive team have committed to reducing their cash salary by 20% for a 3-month period starting from the 1st December 2022. This will be supplemented by the issuance of Performance Rights up to the same value, vesting at end of the 3-month period and subject to continued employment on the vesting date. Performance Rights issued to Directors are subject to the approval of shareholders at the next General Meeting of the Company. This shows the team's commitment to Spacetalk.

Spacetalk Acting CEO and Managing Director Saurabh Jain said: "I wanted to thank the entire Spacetalk team for their amazing in-store execution, helping to achieve this stellar Black Friday and Cyber Monday result.

Our device sales performance thus far for this important period has been strong. We have put in place sound plans for the Christmas period. Importantly also, strong device sales

translate into growing recurring revenue sales with App fees and JumpySIM activations following.

Spacetalk's sales performance combined with cost optimisation actions well advance our pathway to cashflow positivity. Our turn-around actions are starting to bear fruit signalling an exciting Spacetalk future."

This announcement has been authorised by the Spacetalk Board.

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About Spacetalk Ltd.

Spacetalk Ltd. (ASX:SPA) is and 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 keep 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/.