ASX Announcement | 29 October 2025
Spacetalk Ltd (ASX: SPA)

Quarterly Activities Report, Business Update and Appendix 4C for the quarter ended 30 September 2025

Spacetalk delivers 20% growth in Annual Recurring Revenue and 28% increase in active mobile subscribers ahead of Spacetalk 2.0 platform launch

Spacetalk Ltd (ASX: SPA) ("Spacetalk" or "the Company") is pleased to provide its Appendix 4C for the quarter ended 30 September 2025 (1QFY26) along with an operational update.

Financial Highlights:

- **Global Active Mobile Subscribers Growth:** Active subscribers for Spacetalk Mobile (MVNO) grew to 51.3k in 1QFY26, up from 40.0k in 1QFY25 – **a 28% year-on-year increase**. This growth reflects the ongoing appeal and strong performance of the Spacetalk Mobile offering.

- **Annual Recurring Revenue (ARR) Growth:** ARR grew to $11.8m in 1QFY26, **up 20%** from $9.8m in 1QFY25. Spacetalk Mobile now makes up 69% of recurring revenue, compared to 57% in 1QFY25, reflecting the success of the strategy to prioritise Spacetalk Mobile as a recurring revenue stream.

- **Revenue performance for the quarter:** Revenue increased by $0.5m to **$4.5m in 1QFY26**, up 12% from $4.0m in 1QFY25. The increase was primarily driven by the continued uplift in activity within the Spacetalk Mobile segment.

- **Improved Revenue Quality:** Recurring revenue for the quarter represents now **62% of total revenue**, up from 59% in 1QFY25

- **Strong increase in Inventory and service enabling purchases due to international expansion:** Inventory-related payments were $3.3m in 1QFY26, up $2.7m from $0.6m in 1QFY25. The increase was driven by inventory purchases to support our international expansion as well as service enabling costs.

- **Operating Payments:** Operating payments (excluding inventory) were $4.3 million in 1QFY26, an increase of $1.2 million from $3.1 million in 1QFY25. Following a sustained period of business rightsizing over the past few quarters, the Company has commenced targeted reinvestment to support its transition to a software-led operating model. During the quarter, focused investments were directed towards **expanding sales and marketing capability** and **strengthening technology resources** ahead of the first iteration of the **Spacetalk App 2.0 launch**.

- **Positive Net Cash Generation from Operating Activities Before Inventory:** Operating cash flow before inventory and inventory related investments was $255k in 1QFY26, an improvement of $285k compared to ($30k) in 1QFY25, reflecting the company's underlying ability to generate cash from core operations even while increasing investment to expand organisational capacity.

- **Capital Raised**: Raised $5.0m capital (before costs) to fund stated strategic objectives of expanding internationally, developing next generation hardware and developing a new app with a further $2.05m raise pending approval at the EGM and AGM in 2QFY26.
- **International Expansion:** The Company continued to expand its sales and business development activities through a focused capital-light, eCommerce-first "land and expand" strategy in the UK, USA, Canada, New Zealand., Sweden and Germany. This approach is supported by an iterative go-to-market model, enabling greater efficiency and optimisation of marketing spend as the Company refines its market entry tactics. While still at an early stage, the international expansion has materially increased the Company's total addressable market and established the foundation for an ecosystem of product offerings, with the new Spacetalk 2.0 app positioned at the core of this integrated product suite.

Spacetalk Chief Executive Officer and Managing Director Simon Crowther said:

"I am pleased to update you on Spacetalk's progress for the July to September 2025 quarter (1QFY26). This first quarter of the new financial year demonstrated the continued strength of our recurring revenue model, driven by growth in Spacetalk Mobile plan subscriptions.

Active mobile subscribers grew to 51.3k as of 30 September 2025, up 28% year-on-year, highlighting the strong adoption of Spacetalk Mobile. Quarterly revenue increased 12% to $4.5m, with Annual Recurring Revenue rising 20% to $11.8m compared to the prior year.

To support the execution of our strategic objectives, we raised $5m from new and existing shareholders. We also secured a further $2.05m expected in 2QFY26 from institutional and professional investors and management. In addition, our secured lender, Pure Asset

Management, agreed to convert $1m of existing secured debt into converting notes pending shareholder approval in 2QFY26 and has suspended loan repayments until December 2025.

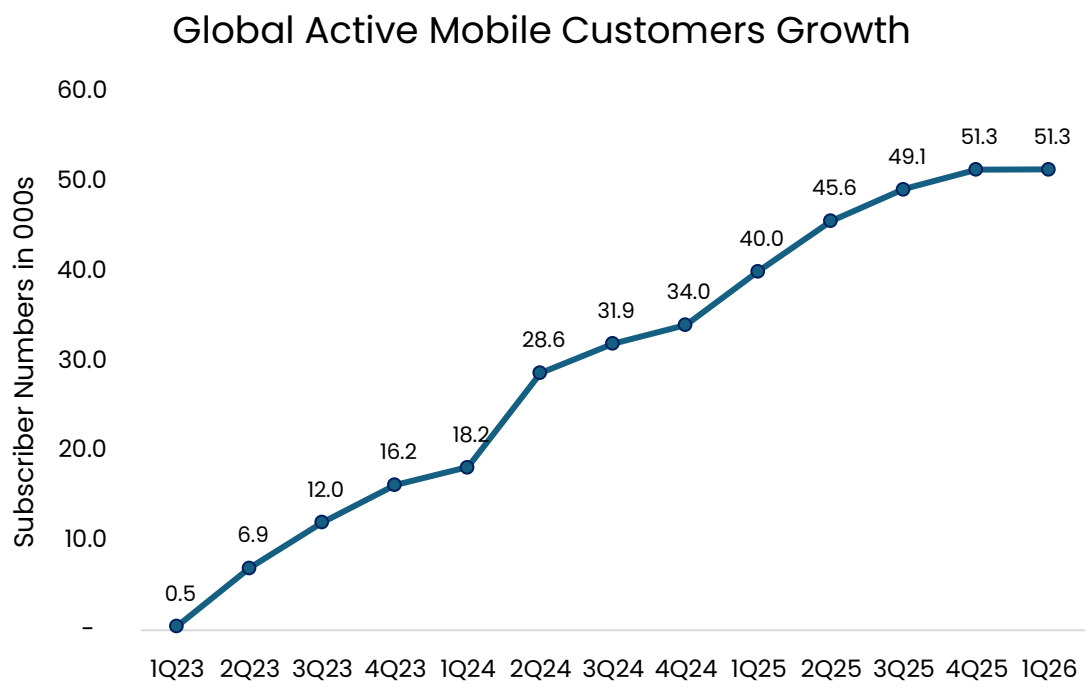
Looking ahead, we remain focused on expanding our subscription model, which is central to our strategy of driving customer engagement and recurring revenue. This will be further supported by the upcoming release of Spacetalk 2.0, our next-generation app launching in 2QFY26.

Spacetalk 2.0 will transition Spacetalk from a hardware-centric business to a family-centric software business, offering higher margins, stronger cashflows, and new B2B opportunities that will complement our existing B2C model. The new app will deliver a unique family safety value proposition, designed to maximise customer lifetime value.

We remain committed to delivering value for shareholders through sustainable growth."

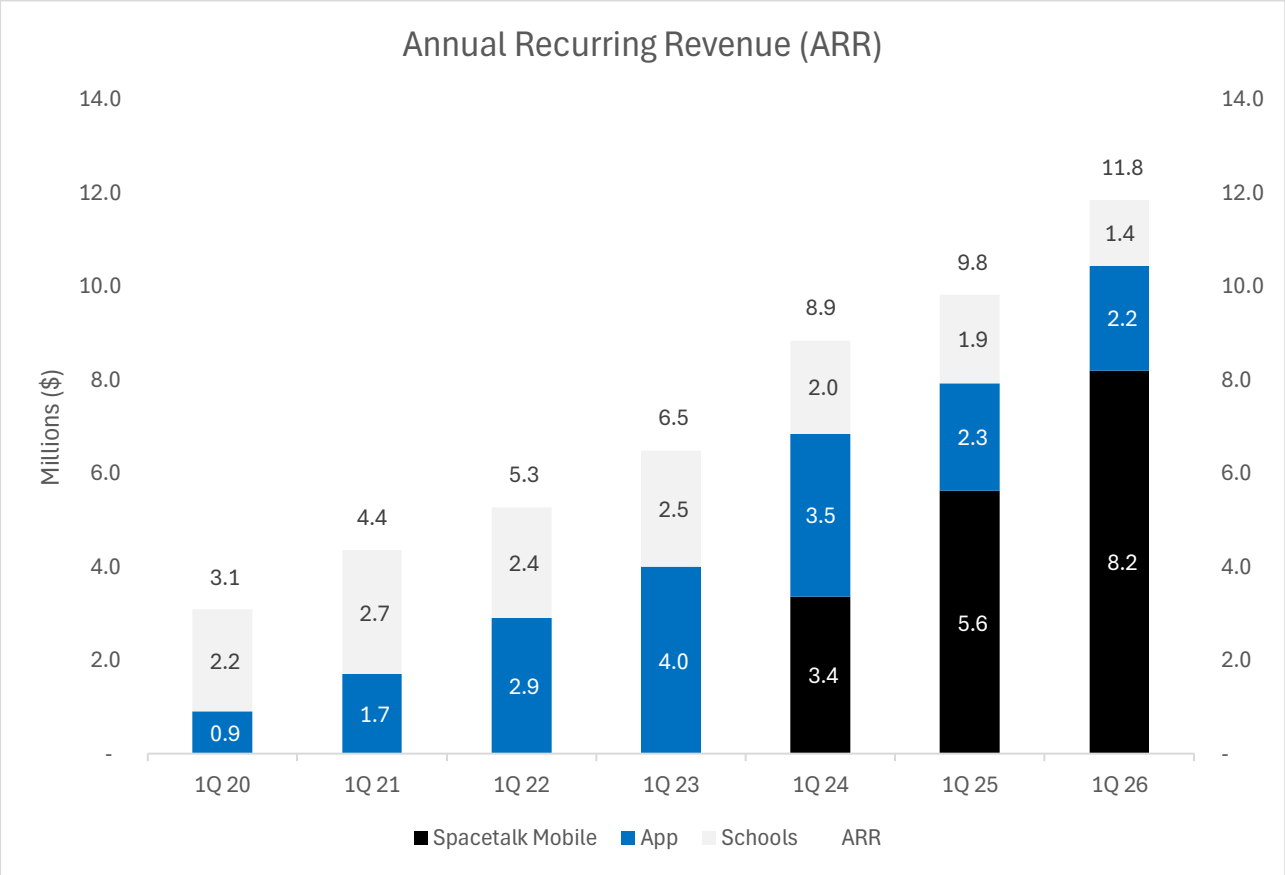
Recurring revenue

Spacetalk recorded a 28% year-on-year increase in active mobile subscribers, reaching 51.3k in 1QFY26, up from 40.0k in 1QFY25. At Quarter end, more than 50% of Spacetalk mobile customers were on annual plans, supporting greater customer longevity and increasing lifetime value across the platform.



Growth in recurring revenue

Annual Recurring Revenue (ARR) increased by 20% vs PCP to $11.8m (1QFY25: $9.8m), **as the revenue mix continues to shift to** sustainable, high-quality recurring revenue streams.



- **ARR from Spacetalk Mobile** grew by 46% vs PCP to $8.2m (1QFY25: $5.6m), driven by strong subscriber growth. The business continues to prioritise mobile revenue due to its superior unit economics relative to app-only revenue. Mobile subscribers receive app access bundled with their mobile plan, which boosts recurring revenue and improves profitability per customer through higher adoption, retention, and lifetime value.

- **Recuring revenue from the App** remained consistent around $2.2m (1QFY25: $2.3m). While more customers are transitioning to the mobile subscription model, app engagement remains high, with the majority of users now accessing the app as part of their mobile plan rather than through a standalone subscription. This shift supports platform-wide engagement and reinforces the mobile-first strategy. The launch of the new app in 2QFY26 is expected to drive growth in the platform subscriber base through new customer acquisitions and improved retention. This will provide the foundation for

increased monetisation of the user base, enabling app-related ARR to replace and exceed the decline in Schools ARR (see below) over time.

- **ARR from Schools** declined by $0.5m to $1.4m (1QFY25: $1.9m), in line with expectations as we manage this offering in run-off mode, with state governments progressively insourcing these services.

Revenue and Gross Profit Highlights:

	1Q26 in $'000s		1Q25 in $'000s		PCP Change '%'	
Product	**Revenue**	**Gross Profit**	**Revenue**	**Gross Profit**	**Revenue**	**Gross Profit**
Spacetalk Mobile	1,952	1,014	1,393	712	40%	42%
Apps	520	379	566	387	(8%)	(2%)
Schools	319	264	439	425	(27%)	(38%)
Recurring sub-total	**2,791**	**1,657**	**2,398**	**1,524**	**16%**	**9%**
Devices	1,717	594	1,622	498	6%	19%
Corporate	2	2	10	10	(80%)	(80%)
TOTAL	**4,510**	**2,253**	**4,030**	**2,032**	**12%**	**11%**
Gross Profit Margin		**50%**		**50%**		

Key movements

- Revenue grew by 12% year-on-year to $4.5m in 1QFY26 (1QFY25: $4.0m), driven by strong growth in mobile revenue.
- Device revenue grew by 6% to $1.7m compared to PCP (1QFY25: $1.6m). By way of comparison, FY25 device revenue growth was 4%.
- Spacetalk Mobile revenue grew 40% to $2.0m (1QFY25: $1.4m), driven by customer retention and ongoing expansion in the subscription base. Gross profit increased by a comparable 42% to $1.0m (1QFY25: $0.7m).
- Apps revenue declined slightly to $0.5m from $0.6m in 1QFY26. This is mainly attributable to customers transitioning to mobile subscription that includes app access bundled with their mobile plan, which boosts recurring revenue and improves profitability per customer through higher adoption, retention, and lifetime value . Going forward, App revenue is expected to grow significantly as a result of the new app launch in 2QFY26.
- Schools revenue declined by (27%) to $0.3m in 1QFY26 (1QFY25: $0.4m), this is in line with expectations as state governments progressively insource these services.

Cashflow from Operating & Investing Activities

- Net Cash Generated From (used in) Operating Activities Before Inventory Growth: Operating cash flow before inventory investments was $0.3m in 1QFY26, an improvement from a negative ($30k) in 1QFY25, reflecting the strengthening of the company's underlying ability to generate cash from core operations.
- Investing activities increased to $0.8m (1QFY25: $0.2m) for the quarter, reflecting continued investment in strategic growth initiatives, including new app development which is scheduled for release during 2QFY26.

Financing Activities:

- Completed a $5.0m capital raise from new and existing investors by issuing a converting note with a conversion maturity on 31 July 2026. The funds were used to support ongoing growth initiatives. The company is also expecting a further $2.05m raise pending approval at the EGM and AGM in 2QFY26.
- During the quarter, Pure agreed to suspend principal repayments of the debt for the remainder of 2025 until December 2025 and to convert $1.0m of the debt into convertible notes, which would reduce the debt of the company by $1.0m upon conversion.

Related Party Payments

Payments to related parties and their associates during the quarter amounted to $150k, 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:

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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: 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.

Appendix 4C

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

Name of entity	
Spacetalk Ltd	
ABN	**Quarter ended ("current quarter")**
93 091 351 530	September 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	4,512	4,512
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,262)	(3,262)
	(c) advertising and marketing	(540)	(540)
	(d) leased assets	(23)	(23)
	(e) staff costs	(1,433)	(1,433)
	(f) administration and corporate costs	(2,032)	(2,032)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(231)	(231)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2	2
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**(3,007)**	**(3,007)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant, and equipment	(2)	(2)
	(d) investments	-	-
	(e) intellectual property	(750)	(750)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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**	**(752)**	**(752)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,824	4,824
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	(57)	(57)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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**	**4,767**	**4,767**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,149	1,770
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,007)	(3,007)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(752)	(752)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,767	4,767
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	**Cash and cash equivalents at end of period**	**2,156**	**2,156**

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	1,995	988
5.2	Call deposits	161	161
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)**	**2,156**	**1,149**

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*	150
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** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	4,600	4,600
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	4,600	4,600

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.	

As at 30 September 2025

Current structure before shareholder approval at the upcoming EGM in 2QFY26:

Debt Facility: $4.6m

The facility in place is a term loan from Pure Asset Management with the following current key terms:

KEY TERMS:
Debt:

- Interest rate: 9.50%
- Maturity date: 31 March 2027
-

AMORTISATION SCHEDULE*:

- March 2025 – February 2026 repay $0.100m per month
- March 2026 – March 2027 replay $0.125m per month
- 31 March 2027 Final payment of outstanding capital

*This schedule has been suspended pending shareholder approval on the proposed changes.

FINANCIAL COVENANTS:

- Minimum cash balance: cash to exceed $750,000 at all times.
- EBITDA covenants: Specific targets to be met quarterly from 30 June 2025 onwards.

In connection with the proposed restructure of its existing debt facility (see below), the Company is negotiating revised covenants with its lender. As part of this process, the lender granted a waiver of financial covenants for 1QFY26.

Proposed restructure upon shareholder approval at the upcoming EGM in 2QFY26:

On 11 July 2025**,** Pure Asset Management agreed to subscribe for 1,000,000 Converting Notes in conversion of $1m in secured debt currently owing by the Company, which will take immediate effect upon the issue of Converting Notes to Pure. Post conversion, the debt facility balance would be $3.6m.
Further, Pure committed to the following additional arrangements in respect of its existing secured loan facility:

- a suspension of all capital repayments for the remainder of the 2025 calendar year; and
- an extension of the maturity date of the remaining loan facility by three months to 30 June 2027.

Consequently, the Company will be seeking shareholder approval for the issuance of the Converting Notes to Pure Asset Management at the EGM scheduled for 5 November 2025.

The following are the proposed changes to the key terms:

KEY TERMS:

Debt Facility: $3.6m

- Interest rate: 9.50%
- Maturity date: 30 June 2027

Convertible Note: $1.0m

- Interest rate: 10.00%
- Conversion date: 31 July 2026

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,007)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,156
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,156
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.7

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.

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:

The net operating cash flow is anticipated to be higher due to a few key factors:

Seasonal Patterns: Our cash flow traditionally strengthens in Q2 due to the November and December peak selling period, where we typically see an uptick in cash inflows, including upfront payments for yearly mobile plans received from end consumers.

Spacetalk 2.0 launch: The Company is scheduled to release Spacetalk 2.0 to transition from a hardware-led to software-led business in 2QFY26. Spacetalk 2.0 will enable higher margins and stronger cashflows, together with new B2B opportunities that will complement our existing B2C model. The new app is designed to provide deep customer insights that will enable better customer retention.

New Products: Spacetalk plans **to d**evelop next generation kids and senior hardware devices. The new **k**ids devices are expected to be cheaper to produce, which should have a positive impact on operating margins and strengthen the profitability of the hardware portfolio. The next generation seniors device will incorporate predictive analytics powered by the AI algorithm developed by the University of New South Wales and Neuroscience Research Australia. This innovation is designed to detect early indicators of serious health risks, providing a compelling value proposition for care providers, insurers, and consumers. These new products are expected to broaden SS's addressable market across both B2C and B2B channels, with a pilot of the seniors device scheduled to commence in Q4FY25.

International expansion: The Company's capital-light, digitally driven, global expansion strategy has significantly increased the Company's total addressable market (TAM) by ~25x from a population of ~38 million people, to more than 940 million people. While still at an early stage, the international expansion has established the foundation for an ecosystem approach to global growth.

Debt restructure: Pure Asset Management agreed to subscribe for 1,000,000 Converting Notes in conversion of $1m in secured debt currently owing by the Company, which will take immediate effect upon the issue of Converting Notes to Pure. Post conversion, the debt facility balance would be $3.6m. This is expected to decrease the interest expense payable in cash upon conversion. In addition, Pure has committed to a suspension of all capital repayments for the remainder of the 2025 calendar year**.**

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

- **Capital raise**: The Company has secured a capital raise of $1.5m which will be considered by shareholders at an EGM scheduled for 5 November 2025. In addition, related party participation will be considered at the AGM.
- **R&D grant**: The company has applied for and expects to receive an R&D grant relating to Research and Development costs incurred in FY25. In prior year, the Company received $0.5m and given the increased research and development activities in FY25, the Company reasonably expects to receive a larger grant.

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 company confidently anticipates continuing its operations and achieving its business objectives. This outlook is supported by several pivotal factors:

Recurring Revenue Growth: Our recurring revenue models have proven to be robust, as evidenced by a year-on-year annual recurring revenue growth of 20%. We expect growth to continue.

New Product Revenue: The introduction of innovative products like Spacetalk 2.0, the new seniors products as well as new hardware with better unit economics is expected to significantly expand our revenue streams.

Cost Management: We maintain a vigilant approach to cost management, with the ability to scale back expenses further if necessary, to preserve financial health.

Restructuring Benefits: The Company has undergone a restructuring and streamlined operations, making them more efficient and better suited to the dynamic market environment. In FY25, operating costs reduced by 11% from $14m to $12.5m with costs as a percentage of revenue decreasing to 64% from 80%. This drive to improve operational efficiency has positioned the company to be able to scale up more efficiently, or scale back as required.

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.

29 October 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.