



ASX Announcement
Spacetalk Ltd. (ASX: SPA)
17 November 2021

Market Update

Spacetalk Ltd. (ASX:SPA) (“Spacetalk” or “Company”), developer of innovative technologies that keep families safe and connected, provides the following update.

Spacetalk has recently announced a number of new distribution partners for its wearable devices and is anticipating further demand. New equity capital (\$8.0 million placement and \$2.5 million Share Purchase Plan) is being raised to provide the Company with the necessary growth and working capital to meet this demand and emerging interest for its products and services.

The new capital will enable the Company to enter into distribution negotiations, confident in its ability to meet demand. It will provide the resources to invest in inventory and to pre-purchase key components to minimise, or where possible avoid, supply chain disruptions. It will also provide the necessary funds for Spacetalk to develop its next generation of wearables and applications.

A significant amount of working capital is required to fund inventory necessary to support increased distribution. The Company notes there can be a cycle of up to six months between placing an inventory order through manufacturing, dispatch, retail sale and receipt of payment.

Investment in the next generation of wearables and applications is also essential for Spacetalk to maintain its innovation lead over competitors. Spacetalk’s ownership and control of its end-to-end technology and design is unique amongst its peers, providing an important source of strategic competitive advantage.

New Distribution Driving Growth

Spacetalk has previously advised that sales of its Spacetalk Adventurer devices would commence online and in-store in November 2021 in the Nordic region through Elkjop, and online in December 2021 through Amazon, Walmart, BestBuy and Spacetalk websites in North America.



Spacetalk is now pleased to announce that these distribution arrangements will launch in time for 26 November 2021 Black Friday sales. This is in addition to the recently announced in-store distribution arrangement through Big W.

As previously advised, the financial impact on Spacetalk of selling through these distribution channels is currently unknown, with no guaranteed or minimum level of revenue. However, the Company expects it to have a direct positive impact on the total revenue of the Company and be reflected in the disclosure thereof.

Share Purchase Plan

For its recent capital raising, Spacetalk chose to undertake a strategy that would provide the necessary certainty to execute on recently announced new arrangements, particularly to meet the additional anticipated Christmas sales period demand; the period of Spacetalk's busiest sales activity. In determining this strategy, the Company needed to trade-off the speed and certainty of a placement against dilution to existing shareholders.

Spacetalk has extended to all eligible shareholders an invitation to participate in the capital raising through the Share Purchase Plan, providing an opportunity to support the capital demands of the Company's exciting growth opportunities.

The timetable determined for the Share Purchase Plan, with a record date of 1 November 2021, is to ensure that only pre-placement (Australian and New Zealand) shareholders are able to participate, and at the same issue price as those subscribers under the placement.

Strengthening the Spacetalk Team

The Company has previously announced that it intends to appoint an Independent Chair and to expand the board from three to five Directors. This remains a priority. Upon the conclusion of the upcoming Annual General Meeting, the Company intends to resume its search for an Independent Chair and additional director and will update the market as and when material developments occur.

The company is additionally recruiting for a US based Chief Operating Officer.



Pure Asset Management Warrant Exercise Price Adjustment

On 2 November 2021, Spacetalk advised that the warrant issued to Pure Asset Management would be subject to an exercise price adjustment flowing from the Company's capital raising. The settlement of Tranche 1 of the placement that occurred on 9 November 2021 has formally triggered the price adjustment.

The final adjusted exercise price cannot be calculated until Tranche 2 of the placement and the SPP have settled, thus determining the total number of new shares issued. However, Spacetalk can advise that it expects that the adjusted warrant exercise price will be in the range of \$0.21 to \$0.22 per share.

This announcement has been authorised by Spacetalk CEO Mark Fortunatow.



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About Spacetalk Ltd.

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.

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/>.