Spacetalk Limited

ABN 93 091 351 530

Appendix 4E - Preliminary Final Report - 30 June 2026

Spacetalk Limited
Appendix 4E
Preliminary final report

Date: 28 August 2026

1. Company details

Name of entity:	Spacetalk Limited
ABN:	93 091 351 530
Reporting period:	For the year ended 30 June 2026
Previous period:	For the year ended 30 June 2025

2. Results for announcement to the market

	2026 $'000	2025 $'000	Change $'000	Change %
Revenues from ordinary activities	16,218	19,609	(3,391)	(17%)
Loss from ordinary activities after tax attributable to the owners of Spacetalk Limited	(17,153)	(4,544)	(12,609)	277%
Loss for the year attributable to the owners of Spacetalk Limited	(17,153)	(4,544)	(12,609)	277%

Dividends
There were no dividends paid, recommended or declared during the current financial period (2025: nil).

Comments
Refer to the attached *Commentary on results* for further information regarding the Group's financial performance and results for the year ended 30 June 2026.

3. Net tangible assets

	2026	2025
Net tangible liabilities per ordinary security	(7.70)	(9.33)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

The Group includes subsidiaries incorporated in the United States and the United Kingdom. Refer to note 31 of the financial statements.

The consolidated financial statements are prepared in accordance with Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). No separate accounting policies or reconciliations to foreign accounting standards have been required for these subsidiaries.

9. Audit qualification or review

Details of audit dispute or qualification:

The audit of the consolidated financial statements is currently in progress.

The independent audit report that is being prepared will not be subject to a modified opinion, emphasis of matter or other matter.

10. Attachments

Details of attachments:

The Appendix 4E - Preliminary Final Report of Spacetalk Limited for the year ended 30 June 2026 is attached.

Operational and financial review
KEY PERFORMANCE HIGHLIGHTS
Income statement

	2026	**2025**
Total income ($'000)	17,143	20,105
Annual recurring revenue ($'000)	10,800	12,100
Revenue ($'000)	16,218	19,609
Revenue growth (%)	(17)%	12%
Gross Profit ($'000)	7,480	9,726
Gross Margin (%)	46%	50%
Operating Expenses (excluding depreciation and amortisation) ($'000)	(20,006)	(12,459)
Adjusted EBITDA[1] ($'000)	(10,227)	(1,849)
Loss from continuing operations before income tax ($'000)	(17,153)	(4,544)

1 Adjusted EBITDA is defined as earnings before interest, tax, depreciation, and amortisation (“EBITDA”), further adjusted by adding back or deducting specific items that are considered non-operational, infrequent, or non-cash, such as impairment of non-financial assets, impairment charges, or other one-off income/expenses. The measure is reconciled to the nearest statutory measure, with all adjustments explicitly disclosed in the accompanying notes to the financial statements. In our case, adjusted EBITDA excludes fair value of derivatives, share based payments and costs related to write-off of non-financial assets. Management believes that this Adjusted EBITDA is consistent, transparent and linked to corporate strategy.

Adjusted EBITDA reconciliation:

	2026 $'000	**2025 $'000**
Loss from continuing operations before income tax	(17,153)	(4,544)
Depreciation and amortisation expense	2,338	1,442
Finance costs	3,214	865
Share based payments	281	361
Write off of non-financial assets	1,093	27
Adjusted EBITDA	**(10,227)**	**(1,849)**

FINANCIAL PERFORMANCE

Summary
The 2026 financial year was a deliberate reset year for the Company in which management has put in place the commercial, product and distribution building blocks for a software-led growth trajectory. The Company invested ahead of revenue to complete a complex re-platforming new App launch in November 2025, rebuilding its technology capability and establishing a repeatable enterprise distribution model. Against that backdrop, revenue declined by 17% to $16.2m due to lower device revenue, the continued wind-down of the legacy Schools business and a period of platform remediation following the November 2025 launch. The overarching revenue decline reflects the transformational nature of the financial year which was otherwise operationally strong.

The Company delivered strong operational momentum across the business and laid the foundation for a significant strategic milestone achieved shortly after the year end. Subsequent to year end, on 6 July 2026, the Company executed two binding agreements with TPG Telecom Limited (ASX: TPG), a commercial agreement under which Vodafone Australia will launch and market an exclusive co-branded family safety and digital wellbeing offer powered by Spacetalk’s software platform, and a strategic MVNO wholesale agreement to migrate Spacetalk Mobile to the TPG Telecom wholesale network on improved economics. Together these agreements validate the Company’s B2B software proposition, expand the addressable market well beyond the direct-to-consumer channel, and establish a framework that management believes is repeatable with telecommunications operators in other markets.

Segment performance

Revenue	**2026 $'000**	**2025 $'000**	**Change %**
MVNO (Spacetalk Mobile)	8,070	6,957	16%
Apps	1,694	2,411	(30%)
Schools	925	1,866	(50%)
Recurring revenue	**10,689**	**11,234**	**(5%)**
Devices	5,529	8,313	(33%)
Seniors	-	62	(100%)
Total revenue	**16,218**	**19,609**	**(17%)**
Other income	925	496	86%
Total income	**17,143**	**20,105**	**(15%)**

Gross profit	**2026 $'000**	**2025 $'000**	**2026 margin %**	**2025 margin %**
MVNO (Spacetalk Mobile)	4,015	3,633	50%	52%
Apps	1,352	1,687	80%	70%
Schools	811	1,759	88%	94%
Devices	1,302	2,587	24%	31%
Seniors	-	60	-	97%
Total gross profit	**7,480**	**9,726**	**46%**	**50%**

Spacetalk Mobile (MVNO) revenue grew 16% to $8.1m and is now the Group's largest revenue stream, representing 50% of total revenue (FY25: 35%). Growth was supported by an 18% increase in active mobile subscribers to 60.6k (FY25: 51.3k). At year end, 56% of Spacetalk Mobile customers were on annual plans, supporting retention, revenue predictability and customer lifetime value. Gross margin was broadly stable at 50% (FY25: 52%).

Devices revenue declined 33% to $5.5m and gross margin contracted 7ppt to 24%. Device sell-in volumes declined from 48,616 in FY25 to 42,331 in FY26. The revenue and margin declined as a result of a shift in product mix towards lower-priced variants, higher discounting and scan-back activity in a more competitive market, and reduced retailer sell-in as channel partners worked through existing inventory. Despite the decline in revenue, the Company sold a lower-featured device variant into a major new retail partner secured during the financial year. While this variant carries a lower average selling price that the Company's premium devices, it strengthens the Company's presence within a major family-oriented retail channel and broadens access to its target customer base. Underlying consumer demand remained broadly stable.

Apps revenue declined 30% to $1.7m, reflecting the planned migration of standalone app customers to bundled mobile-and-service offerings, which carry superior unit economics, together with a transition period as a vast majority of smartwatch customers in Australia currently receive the app for free if they have a Spacetalk Mobile SIM card and subscription in their watch. Beyond the existing B2C base, the app presents a growing B2B opportunity through telco partnerships, including the Vodafone Australia deal and supported by further platform development scheduled for release in 2QFY27; tiered app pricing model, enabling customer segmentation and differentiated value capture, and the launch of enhanced safety features, which will expand monetisation opportunities across both the B2C and B2B user base. Gross margin improved 10ppt to 80% following the platform migration.

Schools revenue declined 50% to $0.9m, consistent with the continued strategic wind-down of the legacy Schools business as state governments progressively insource these services.

Annual Recurring Revenue

ARR declined 11% to $10.8m (FY25: $12.1m). The decline is attributable to the wind-down of Schools ARR and a planned, expected reduction in App ARR ahead of the tiered pricing model roll-out. Spacetalk Mobile ARR grew 5% to $8.4m and now represents the substantial majority of the recurring base. Recurring revenue represented 66% of total revenue in FY26, up from 57% in FY25, reflecting continued improvement in revenue quality notwithstanding the overall revenue decline.

Gross profit and margins

Gross profit declined 23% to $7.5m (FY25: $9.7m) and gross margin contracted 4ppt to 46% (FY25: 50%). Margin compression was concentrated in the Devices segment. Recurring revenue gross margin was broadly maintained.

	2026	**2025**
Operating expenses	**$'000**	**$'000**
Advertising and marketing	(2,142)	(1,825)
Allowance for expected credit loss	(41)	(315)
Corporate and administration	(8,635)	(4,156)
Employee benefits expense	(7,788)	(6,152)
Share-based payments expense	(281)	(361)
Write-off of non-financial assets	(1,093)	(27)
Net (loss)/gain on foreign exchange	(26)	377
Operating expenses (excluding D&A)	**(20,006)**	**(12,459)**
Depreciation and amortisation expense	(2,338)	(1,442)
Total expenses	**(22,344)**	**(13,901)**

Operating expenses before depreciation and amortisation increased 61% to $20.0m. The principal drivers were:

- **Corporate and administration**, up $4.5m, reflecting third-party technology, consulting and contractor spend on the re-platforming programme and remediation activity in the third quarter to address platform stability and elevated customer support ticket volumes following the November 2025 launch.
- **Employee benefits**, up $1.6m, reflecting targeted investment in technology and product capability to support the transition to a software-led model.
- **Write-off of non-financial assets** of $1.1m (FY25: $27k), including $0.6m written off against capitalised development assets superseded by the new platform and website as well as $0.5m inventory write-off ahead of the new kids smartwatch hardware launch targeted for 2HFY27.
- **Advertising and marketing**, up $0.3m, supporting platform launch and international e-commerce expansion.

Cash flows and financial position

	2026	**2025**
Summary Cash Flow Statement	**$'000**	**$'000**
Receipts from customers (inclusive of GST)	17,596	18,764
Payments to suppliers and employees (inclusive of GST)	(25,645)	(21,295)
Government grants	877	446
Interest and other finance costs paid	(227)	(596)
Net cash used in operating activities	**(7,399)**	**(2,681)**
Payments for intangibles	(4,461)	(1,630)
Net cash used in investing activities	**(4,515)**	**(1,658)**
Cash flow before financing activities	**(11,914)**	**(4,339)**
Net cash from financing activities	**11,647**	**3,714**
Net decrease in cash and cash equivalents	(267)	(625)
Cash and cash equivalents at year end	**878**	**1,149**

Net cash used in operating activities increased to $7.4m, reflecting the higher cost base, inventory and service-enabling investment made ahead of the hardware and platform launches, and MVNO wholesale payments.

Investment in intangible assets increased to $4.5m (FY25: $1.6m), representing capitalised development on the new platform and app. The carrying value of development assets at 30 June 2026 was $4.3m (FY25: $2.6m) after $2.1m of amortisation and $0.6m of write-off.

Financing activities generated $11.6m, mainly comprising $7.5m from equity placements and $5.2m from converting notes, less share issue transaction costs and lease principal repayments.

GROWTH STRATEGY

The Company's strategy is to build a scalable, high-margin recurring revenue business by embedding its family safety software platform within large existing customer bases; principally those of telecommunications operators and while maintaining a capital-light approach to market entry and expansion.

Key growth initiatives are:

- **Scalable Telco SaaS model.** The Vodafone Australia agreement gives millions of eligible postpaid mobile customers access to a co-branded family safety application powered by Spacetalk's platform, with a premium tier available for up to 12 months from customer activation. The agreement creates a repeatable commercial framework that the Company is now pursuing with telecommunications operators across APAC, Europe and North America. Distribution through telco partners enables Spacetalk to scale with low marginal cost, minimal bespoke engineering and strong operating leverage.
- **Improved mobile unit economics.** The strategic MVNO wholesale agreement with TPG Telecom will see Spacetalk Mobile migrate to a network covering majority of the Australian population. Spacetalk retains ownership of the customer relationship, brand, pricing and proposition. The agreement is expected to deliver improved wholesale economics, new long-life mobile plans for parents and seniors, and greater flexibility to launch targeted offers supporting subscriber growth, higher ARPU and stronger customer lifetime value. Phased migration commences in FY27.
- **Recurring revenue growth and monetisation.** CVM capabilities implemented with the new platform are expected to improve ARPU and customer lifetime value and reduce churn. A tiered app subscription pricing model, together with online safety and digital wellbeing features, is scheduled for launch in 2QFY27 and is expected to reverse the recent decline in App ARR.
- **Product roadmap.** The Company expects to launch the Spacetalk App on Apple and Samsung watches, extending the platform to a device-agnostic footprint, and will launch new kids smartwatch hardware with improved unit economics in 2HFY27.
- **International expansion.** E-commerce capability has been rolled out across Europe, the UK, Singapore, the USA, Canada and New Zealand under a capital-light, e-commerce-first "land and expand" strategy. Platform-led commercial agreements are also expected to open hardware distribution channels that were not accessible under the previous hardware-led model.
- **Seniors market opportunity.** Sibyl, the Company's AI-enabled seniors device offering fall prediction, emergency alerts and predictive health insights, targets the "sandwich generation" and expands the addressable market across B2C and B2B segments.
- **Cost discipline.** The cost optimisation programme identified during FY26 is expected to deliver approximately $3.5m of annualised cash savings, aligning the cost base to the software-led model and improving operating leverage as recurring revenue scales.

Spacetalk Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Revenue			
Revenue	5	16,218	19,609
Cost of sales		(8,738)	(9,883)
Gross profit		7,480	9,726
Other income	6	925	496
Expenses			
Advertising and marketing		(2,142)	(1,825)
Allowance for expected credit loss		(41)	(315)
Corporate and administration	7	(8,635)	(4,156)
Employee benefits expense		(7,788)	(6,152)
Share based payments expense		(281)	(361)
Depreciation and amortisation expense	7	(2,338)	(1,442)
Write-off of non-financial assets		(1,093)	(27)
Net (loss)/gain on foreign exchange		(26)	377
Total expenses		(22,344)	(13,901)
Operating loss		(13,939)	(3,679)
Finance costs	7	(3,214)	(865)
Loss before income tax expense		(17,153)	(4,544)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Spacetalk Limited		(17,153)	(4,544)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		125	(435)
Other comprehensive income for the year, net of tax		125	(435)
Total comprehensive income for the year attributable to the owners of Spacetalk Limited		(17,028)	(4,979)
		Cents	**Cents**
Basic earnings per share	34	(16.2)	(7.4)
Diluted earnings per share	34	(16.2)	(7.4)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Spacetalk Limited
Consolidated statement of financial position
As at 30 June 2026

	Note	2026 $'000	2025 $'000
Assets			
Current assets			
Cash and cash equivalents	9	878	1,149
Trade and other receivables	10	977	1,563
Inventories	11	990	1,692
Prepayments		1,645	1,416
Total current assets		4,490	5,820
Non-current assets			
Property, plant and equipment	12	108	118
Right-of-use assets	13	770	101
Intangibles	14	4,266	2,561
Prepayments		206	-
Total non-current assets		5,350	2,780
Total assets		9,840	8,600
Liabilities			
Current liabilities			
Trade and other payables	15	6,369	4,267
Contract liabilities	16	2,153	2,262
Borrowings	17	3,600	1,300
Lease liabilities	18	283	40
Derivative financial instruments	19	722	826
Employee benefits		353	342
Provisions	20	371	447
Converting notes - host liability	21	4,699	-
Converting notes - embedded derivative	21	2,691	-
Total current liabilities		21,241	9,484
Non-current liabilities			
Borrowings	17	-	3,300
Lease liabilities	18	490	79
Total non-current liabilities		490	3,379
Total liabilities		21,731	12,863
Net liabilities		(11,891)	(4,263)
Equity			
Issued capital	22	53,567	45,544
Reserves	23	1,162	276
Accumulated losses		(66,620)	(50,083)
Total deficiency in equity		(11,891)	(4,263)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Spacetalk Limited
Consolidated statement of changes in equity
For the year ended 30 June 2026

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2024	40,802	875	(45,539)	(3,862)
Loss after income tax expense for the year	-	-	(4,544)	(4,544)
Other comprehensive income for the year, net of tax	-	(435)	-	(435)
Total comprehensive income for the year	-	(435)	(4,544)	(4,979)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 22)	4,217	-	-	4,217
Conversion of rights to shares (notes 22 and 23)	460	(460)	-	-
Transfer from share-based payments reserve (notes 22 and 23)	65	(65)	-	-
Employee rights expense (note 23)	-	361	-	361
Balance at 30 June 2025	45,544	276	(50,083)	(4,263)

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total deficiency in equity $'000
Balance at 1 July 2025	45,544	276	(50,083)	(4,263)
Loss after income tax expense for the year	-	-	(17,153)	(17,153)
Other comprehensive income for the year, net of tax	-	125	-	125
Total comprehensive income for the year	-	125	(17,153)	(17,028)
Transactions with owners in their capacity as owners:				
Share placements (note 22)	7,877	-	-	7,877
Shares issued on the conversion of converting notes and accrued interest (note 22)	2,093	-	-	2,093
Conversion of rights to shares (notes 22 and 23)	181	(181)	-	-
Employee rights and options expense (note 23)	-	281	-	281
Capital raising costs - Broker options (notes 22 and 23)	(1,277)	1,277	-	-
Capital raising costs – other	(851)	-	-	(851)
Lapsed rights and expired options (note 23)	-	(616)	616	-
Balance at 30 June 2026	53,567	1,162	(66,620)	(11,891)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Spacetalk Limited
Consolidated statement of cash flows
For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		17,596	18,764
Payments to suppliers and employees (inclusive of GST)		(25,645)	(21,295)
		(8,049)	(2,531)
Government grants		877	446
Interest and other finance costs paid		(227)	(596)
Net cash used in operating activities	33	(7,399)	(2,681)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(54)	(28)
Payments for intangibles	14	(4,461)	(1,630)
Net cash used in investing activities		(4,515)	(1,658)
Cash flows from financing activities			
Proceeds from issue of shares	22	7,502	4,606
Proceeds from converting notes	33	5,180	-
Payments of lease liabilities (principal)	33	(184)	(103)
Share issue transaction costs		(851)	(389)
Repayment of borrowings		-	(400)
Net cash from financing activities		11,647	3,714
Net decrease in cash and cash equivalents		(267)	(625)
Cash and cash equivalents at the beginning of the financial year		1,149	1,770
Effects of exchange rate changes on cash and cash equivalents		(4)	4
Cash and cash equivalents at the end of the financial year	9	878	1,149

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Spacetalk Limited as a Group consisting of Spacetalk Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Spacetalk Limited's functional and presentation currency.

Spacetalk Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 1, Level 9
80-82 Pitt Street
Sydney NSW 2000

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the year ended 30 June 2026, the Group incurred a loss of $17,153,000 (2025: $4,544,000) and had net cash outflows from operating and investing activities of $7,399,000 (2025: $2,681,000) and $4,515,000 (2025: $1,658,000) respectively. At 30 June 2026, the Group had net current liabilities of $16,751,000 (2025: $3,664,000) and net liabilities of $11,891,000 (2025: $4,263,000).

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:
- During the year the Group raised $7,502,000 through share placement (refer note 22), and $6,550,000 through the issue of converting notes, of which $5,180,000 were cash and $1,370,000 were non-cash settlements. The Group also converted $1,000,000 of its loan with Pure Asset Management into $1,000,000 converting notes which is part of the non-cash portion. Subsequent to the end of the financial year the Group announced that it had received binding commitments from institutional and professional investors to raise $10,000,000 (refer to note 32). The Directors believe that the Group will be able to access additional funding if required.
- As disclosed in note 21, the Group has converting notes with a face value of $4,550,000 carried at $7,390,000 at 30 June 2026. The notes matured on 31 July 2026 and were subject to mandatory conversion into equity. Despite the fact that these instruments will convert to equity, they have been classified as derivative financial liabilities from an accounting perspective as there is some potential variability in the number of shares that will be issued to extinguish these liabilities. On 3 August 2026, 4,475,000 converting notes, with a face value of $1.00 each, were converted into ordinary shares of the Company (refer to note 32) and the balance of 75,000 notes were forfeited.
- Included within current liabilities are contract liabilities carried at $2,153,000, which are not expected to require to be cash settled, but rather through the provision of services.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Note 2. Material accounting policy information (continued)

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Spacetalk Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Spacetalk Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Spacetalk Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 2. Material accounting policy information (continued)

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Capitalisation of internally generated intangible assets
The Group incurs significant expenditure conducting research and development activities for new and existing products developed internally. As a result of this, professional judgment is required in order to identify which of these expenditures represent research and which represent development costs.

Expenditure associated with research activities are expensed as incurred in accordance with AASB 138. An intangible asset is recognised to record expenditure arising from development activities only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Any costs that cannot be reliably split between research and development activities are expensed when incurred.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value of derivative liabilities - warrants
Included in note 19 is a derivative liability in relation to warrant issued. The classification of this instrument involves significant judgement, particularly in determining whether it meets the criteria for equity classification under AASB 132 *Financial Instruments: Presentation*. The directors have exercised their judgment in determining that the warrant be classified as a financial liability on the basis that the instrument does not meet the “fixed for fixed” test under AASB 132.

The fair value measurement of the derivative liability also involves significant estimation uncertainty. Key assumptions used in the valuation include expected volatility and the risk-free interest rate. These inputs are subject to change and can materially affect the fair value outcome. The valuation technique applied is consistent with AASB 13 *Fair Value Measurement,* and the instrument is categorised within Level 3 of the fair value hierarchy due to the use of unobservable inputs.

Fair value of embedded derivatives
The embedded derivative liabilities arising from the Group’s converting notes are measured at fair value in accordance with AASB 13 *Fair Value Measurement.* The valuation is classified as a Level 3 fair value measurement due to the use of significant unobservable inputs.

Key unobservable inputs include assumptions regarding share price volatility, risk free interest rate and probable conversion outcomes. These assumptions require significant judgement and are based on management’s best estimates at the reporting date. Changes in these assumptions could result in a material change in the fair value of the embedded derivatives, with a corresponding impact on profit or loss in future reporting periods.

Warranty provision
In determining the level of provision required for warranties the Group has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into 5 operating segments: Devices, Schools, MVNO, Apps, and Seniors. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM assesses the performance of the Group's operating segments and allocates resources primarily based on segment revenue and gross profit. Information relating to segment assets and segment liabilities is not regularly provided to, or reviewed by, the CODM as part of the Group's internal management reporting process. Accordingly, in accordance with AASB 8 *Operating Segments*, segment asset and liability information has not been disclosed.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 4. Operating segments (continued)

The information reported to the CODM is on a monthly basis.

Types of products and services
The Group operates predominately in five business segments, defined by the Group's different product and service offerings. The principal products and services of each of these operating segments are as follows:

1. Devices Device segments supply the ‘Spacetalk’ smartwatches through retail distribution networks and online sales.

2. Schools The schools segment provides school messaging services and licence fees to various schools.

3. MVNO MVNO (Mobile Virtual Network Operator) segment sells mobile services under the ‘Spacetalk’ brand name using the network of a licensed mobile operator.

4. Apps Apps segment supply the ‘Spacetalk’ smartwatches customers the device agnostic (open) mobile application products.

5. Seniors The senior (or “Life mPers”) segment targets elderly individuals and their families with wearable safety devices and emergency alert features. These offerings help seniors live independently while providing reassurance to families and caregivers.

Other income and expenses:
Corporate 'Çorporate' is the aggregation of government grants and other sundry income and expeness at the corporate level.

Major customers
For the year ended 30 June 2026, revenue from a single customer within Australasia amounted to approximately $2.7 million.

For the year ended 30 June 2025, included in revenues arising from Australasia were revenues of approximately $2.7 million and $2.4 million which arose from sales to the Group's two largest customers.

No other single customer contributed 10% or more to the Group's revenue for both 2026 and 2025.

Operating segment information

	Devices	Schools	MVNO	Apps	Seniors	Total
2026	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	5,529	925	8,070	1,694	-	16,218
Gross profit	1,302	811	4,015	1,352	-	7,480

	Devices	Schools	MVNO	Apps	Seniors	Total
2025	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	8,313	1,866	6,957	2,411	62	19,609
Gross profit	2,587	1,759	3,633	1,687	60	9,726

Revenue by geographical area

	2026	2025
	$'000	**$'000**
Australasia	15,496	18,958
Rest of world	722	651
	16,218	19,609

Note 5. Revenue

	2026 $'000	2025 $'000
Revenue from contracts with customers	16,218	19,609

Timing of revenue recognition

	2026 $'000	2025 $'000
Good recognised at a point in time	5,529	8,313
Services recognised over time	10,689	11,296
	16,218	19,609

Accounting policy for revenue
Sale of goods
Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

School messaging service, App subscriptions and MVNO subscriptions
App subscription revenue
App subscription revenue relates to fees charged for access to the Group's application platform and associated services. The related performance obligations are satisfied over time throughout the subscription period. Revenue is recognised over the subscription term using a time-based measure of progress, being the proportion of the subscription period elapsed. Amounts received or invoiced in advance are recognised as contract liabilities and recognised as revenue as the related services are provided.

MVNO subscription revenue
MVNO revenue relates to the provision of mobile connectivity and telecommunications services to customers. The related performance obligations are satisfied over time. Revenue is recognised over the service period using a time-based measure of progress. Amounts received or invoiced in advance are recognised as contract liabilities and recognised as revenue as the related services are provided.

School messaging revenue
School messaging revenue relates to the provision of communication and messaging services to schools under contractual arrangements. The related performance obligations are satisfied over time. Revenue is recognised over the contract period using a time-based measure of progress, being the proportion of the service period elapsed. Amounts received or invoiced in advance are recognised as contract liabilities and recognised as revenue as the related services are provided.

Rebates, discounts and marketing contributions
The Group provides rebates, discounts and marketing contributions to certain customers under contractual arrangements. These amounts are recognised as a reduction of revenue when the related revenue is recognised.

Note 6. Other income

	2026 $'000	2025 $'000
Government grants	877	446
Sundry income	48	50
Other income	925	496

Note 6. Other income (continued)

Accounting policy for government grants
The Group is eligible to receive refundable tax offsets under the Australian Government's Research and Development Tax Incentive scheme in respect of eligible research and development expenditure. The research and development tax incentive is accounted for as a government grant in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. The incentive is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the incentive and that the incentive will be received.

Note 7. Expenses

	2026 $'000	2025 $'000
Loss before income tax includes the following specific expenses:		
Depreciation expenses		
Leasehold improvements	5	-
Plant and equipment	59	22
Buildings right-of-use assets	146	157
Total depreciation	210	179
Amortisation expenses		
Capitalised development cost	2,128	1,263
Total depreciation and amortisation	2,338	1,442
Finance costs		
Imputed interest on convertible notes (note 21)	2,133	-
Interest and finance charges paid/payable on borrowings and lease liabilities	389	478
Fair value loss of embedded derivative (note 21)	800	-
Fair value (gain)/loss on warrants	(104)	407
Interest income	(4)	(20)
Finance costs expensed	3,214	865
Corporate and administration		
Professional fees	4,335	2,300
Software and IT Subscriptions	1,586	768
Superannuation expense		
Defined contribution superannuation expense	891	523

Note 8. Income tax

	2026 $'000	2025 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(17,153)	(4,544)
Tax at the statutory tax rate of 25%	(4,288)	(1,136)
Current year deferred tax not recognised	4,288	1,136
Income tax expense	-	-

Note 8. Income tax (continued)

	2026 $'000	2025 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Other provisions	145	148
Property, plant and equipment	12	12
Lease liabilities	294	30
Distribution rights	110	110
Trade payables/accrued expenses	343	277
Provision for employee entitlements	88	86
Right-of-use assets	(293)	(25)
Income tax losses	8,446	5,256
Intangible assets	881	498
Capital raising costs	188	73
Foreign currency monetary items	12	-
Other financial liabilities	314	-
Total deferred tax assets not recognised	10,540	6,465

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 9. Cash and cash equivalents

	2026 $'000	2025 $'000
Current assets		
Cash at bank	593	988
Cash on deposit	285	161
	878	1,149

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Trade and other receivables

	2026 $'000	2025 $'000
Current assets		
Trade receivables	645	1,385
Less: Allowance for expected credit losses	(29)	(80)
	616	1,305
Other receivables	361	258
	977	1,563

Allowance for expected credit losses
The ageing of the receivables after provision for expected credit losses is as follows:

	2026 $'000	2025 $'000
Not due	589	988
Past due 0-30 days	-	39
Past due 31-60 days	-	74
Past due 61-90 days	3	72
Past due over 90 days	24	132
	616	1,305

Movements in the allowance for expected credit losses are as follows:

	2026 $'000	2025 $'000
Opening balance	80	52
Additional provisions recognised due to new sales	41	315
Receivables written off during the year as uncollectable	(92)	(287)
Closing balance	29	80

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Note 10. Trade and other receivables (continued)

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Where contractual arrangements or commercial practices provide for discounts, rebates, or other price concessions, these are recognised as a reduction in revenue and offset against the related receivable. The provision is estimated based on historical trends, current agreements, and expected future claims.

Discounts may include:
- Volume rebates
- Promotional allowances

These are accounted for at the time of revenue recognition if the amount can be reliably estimated and it is probable that the discount will be claimed.

Receivables are offset only when there is a legally enforceable right to offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Note 11. Inventories

	2026 $'000	2025 $'000
Current assets		
Finished goods - at cost	990	1,692

The cost of inventories recognised as an expense during the year in respect of continuing operations was $4,221,000 (2025: $5,728,000).

Inventory of $465,000 (2025: $Nil) was written off during the current year as the Company plans to launch new kids smartwatch hardware with improved unit economics in 2HF27.

Accounting policy for inventories
Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 12. Property, plant and equipment

	2026 $'000	2025 $'000
Non-current assets		
Leasehold property - at cost	5	9
Less: Accumulated depreciation	(5)	(4)
	-	5
Plant and equipment - at cost	304	250
Less: Accumulated depreciation	(196)	(137)
	108	113
	108	118

Note 12. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold property $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2024	5	107	112
Additions	-	28	28
Depreciation expense	-	(22)	(22)
Balance at 30 June 2025	5	113	118
Additions	-	54	54
Depreciation expense	(5)	(59)	(64)
Balance at 30 June 2026	-	108	108

Accounting policy for property, plant and equipment
Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a reducing balance basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	10 years
Plant and equipment	5 - 10 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Note 13. Right-of-use assets

	2026 $'000	2025 $'000
Non-current assets		
Land and buildings - right-of-use	1,251	435
Less: Accumulated depreciation	(481)	(334)
	770	101

The Group leases office premises under a non-cancellable lease with an initial term of three years, commencing on 1 April 2026. The lease does not include any renewal or extension options. Lease payments are subject to fixed annual increases of 3.75%, which are reflected in the measurement of the lease liability and corresponding right-of-use asset.

Note 13. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Buildings $'000
Balance at 1 July 2024	198
Additions	60
Depreciation expense	(157)
Balance at 30 June 2025	101
Additions	815
Depreciation expense	(146)
Balance at 30 June 2026	770

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 14. Intangibles

	2026 $'000	**2025 $'000**
Non-current assets		
Capitalised development cost	10,688	25,903
Less: Accumulated amortisation	(6,422)	(23,342)
	4,266	2,561

Note 14. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Development $'000
Balance at 1 July 2024	2,192
Additions	1,659
Written off	(27)
Amortisation expense	(1,263)
Balance at 30 June 2025	2,561
Additions	4,461
Written off*	(628)
Amortisation expense	(2,128)
Balance at 30 June 2026	4,266

* During the year, the Company launched a new website in October 2025 and a new mobile application in November 2025. As a result of these replacements, the Company assessed the carrying amounts of costs previously capitalised in relation to the former website and mobile application. As the former website and mobile application were no longer expected to generate future economic benefits following the launch of their replacements, the remaining carrying amounts of the related capitalised costs were fully written off and recognised as a write-off expense in the statement of profit or loss.

Accounting policy for research and development
Intangible assets comprise capitalised development costs and are measured at cost less accumulated amortisation and impairment losses.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs include directly attributable employee costs and other expenditure incurred in developing software, platforms and related technology that meet the capitalisation criteria.

Capitalised development costs are amortised on a straight-line basis over their estimated useful life of three years from the date the asset is available for use.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Any impairment loss is recognised immediately in profit or loss.

The useful lives, residual values and amortisation methods of intangible assets are reviewed at least annually and adjusted prospectively where appropriate.

Note 15. Trade and other payables

	2026 $'000	**2025 $'000**
Current liabilities		
Trade payables	3,822	1,691
Other payables	2,547	2,576
	6,369	4,267

Note 15. Trade and other payables (continued)

Refer to note 25 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 16. Contract liabilities

	2026 $'000	2025 $'000
Current liabilities		
Unearned revenue	2,153	2,262

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $2,153,000 as at 30 June 2026 ($2,262,000 as at 30 June 2025) and is expected to be recognised as revenue in future periods as follows:

	2026 $'000	2025 $'000
Within 6 months	1,798	1,890
6 to 12 months	355	372
	2,153	2,262

Accounting policy for contract liabilities
Contract liabilities represent the Group's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the services to the customer.

Note 17. Borrowings

	2026 $'000	2025 $'000
Current liabilities		
Term loan	3,600	1,300
Non-current liabilities		
Term loan	-	3,300
	3,600	4,600

Refer to note 25 for further information on financial instruments.

Term loan
On 11 July 2025, Pure Asset Management ("Pure") agreed to subscribe for 1,000,000 Converting Notes in settlement of $1,000,000 of secured debt owed by the Company. The conversion took effect on 12 November 2025 upon obtaining shareholder approval for the issuance of the Converting Notes, reducing the outstanding secured debt facility to $3,600,000. The Company obtained shareholder approval for the issuance.

In addition, Pure agreed to the following amendments to its existing secured loan facility:
- Suspension of all capital repayments for the remainder of the 2026 calendar year; and
- Extension of the loan maturity date by three months to 30 June 2027.

Note 17. Borrowings (continued)

The loan incurs interest at 9.5% per annum.

The term loan is subject to the following covenants:
- The Group's minimum cash balance must remain at $750,000 at all times.
- EBITDA covenants: Specific targets to be met quarterly from 30 June 2025 onwards.

As at 30 June 2026, the Company was granted a waiver on covenant targets by Pure Asset Management.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2026 $'000	2025 $'000
Total facilities		
Term loan	3,600	4,600
Used at the reporting date		
Term loan	3,600	4,600
Unused at the reporting date		
Term loan	-	-

Note 18. Lease liabilities

	2026 $'000	2025 $'000
Current liabilities		
Lease liability	283	40
Non-current liabilities		
Lease liability	490	79
	773	119

Refer to note 25 for further information on financial instruments.

Accounting policy for lease liabilities
The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Note 19. Derivative financial instruments

	2026 $'000	2025 $'000
Current liabilities		
Warrants	722	826

Refer to note 25 for further information on financial instruments.

Refer to note 26 for further information on fair value measurement.

Note 19. Derivative financial instruments (continued)

At the beginning of the financial year, the Company had 11,000,000 warrants on issue, comprising 9,000,000 warrants exercisable at $0.23 per share and expiring on 31 March 2027, and 2,000,000 warrants exercisable at $0.165 per share and expiring on 31 December 2026. During the year, following capital raisings, the exercise price of both warrant series was repriced to $0.07 per share in accordance with their terms. At 30 June 2026, the Company had 11,000,000 warrants on issue, comprising 9,000,000 warrants exercisable at $0.07 per share and expiring on 31 March 2027, and 2,000,000 warrants exercisable at $0.07 per share and expiring on 31 December 2026. As the warrants contain repricing provisions that result in a variable exercise price, they do not satisfy the fixed-for-fixed criterion in AASB 132 and are therefore classified as derivative financial liabilities. Accordingly, the warrants are measured at fair value through profit or loss. No warrants were issued, exercised, cancelled or expired during the year ended 30 June 2026.

Key assumptions used in determining the fair value of the warrants:

Valuation date	Share price at 30 June $	Exercise price $	Expected volatility %	Warrant remaining life Years	Fair value per warrant at valuation date $	Number of warrants issued	Fair value of warrants $'000
30 June 2026	0.125	0.070	84.13	0.50	0.0608	2,000,000	121
30 June 2026	0.125	0.070	95.30	0.75	0.0668	9,000,000	601
						11,000,000	722
30 June 2025	0.150	0.165	120.35	1.50	0.0794	2,000,000	159
30 June 2025	0.150	0.230	120.35	1.75	0.0741	9,000,000	667
						11,000,000	826

Note 20. Provisions

	2026 $'000	2025 $'000
Current liabilities		
Warranties	241	148
Returns	130	299
	371	447

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Returns
The Group recognises a provision for expected sales returns at the time revenue is recognised for products sold where customers have a contractual right of return. The provision is measured based on historical return rates, current sales trends and management's expectations of future returns.

Note 20. Provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Warranties	Returns	Total
2026	$'000	$'000	$'000
Carrying amount at the start of the year	148	299	447
Reversed	-	(470)	(470)
Raised	150	630	780
Utilised	(57)	(329)	(386)
Carrying amount at the end of the year	241	130	371

Note 21. Converting notes

During the year ended 30 June 2026, the Company issued at total of 6,550,000 converting notes with a total face value of $6,550,000. This included 2,000,000 notes issued on 16 September 2025, which were subsequently converted into ordinary shares. The remaining 4,550,000 notes were issued in three tranches: 3,000,000 notes on 14 July 2025, 1,000,000 notes on 12 November 2025 and 550,000 notes on 28 November 2025.

All converting notes were issued on identical terms and conditions. The notes bear a fixed interest rate of 10% per annum, with interest settled quarterly through the issue of ordinary equity shares. The notes had a maturity date of 31 July 2026, at which time they were subject to mandatory conversion into equity. On 3 August 2026, the Company issued 59,630,957 fully paid ordinary shares on conversion of 4,475,000 converting notes with an aggregate face value of $4,475,000, at a conversion price of $0.08 per share, together with shares issued in settlement of interest payable on the converting notes in accordance with their terms of issue (refer to note 32).

Converting notes - host liability

	2026	**2025**
	$'000	**$'000**
Opening balance	-	-
Notes issued at inception	5,550	-
Notes issued in settlement of term loan	1,000	-
Derivative feature - conversion feature	(1,891)	-
Imputed interest on converting notes	2,133	-
Conversion of interest to shares	(93)	-
Conversion of notes to shares	(2,000)	-
Closing balance	4,699	-

Converting notes - embedded derivative

	2026	**2025**
	$'000	**$'000**
Opening balance	-	-
Converting notes - embedded derivative fair value at inception	1,891	-
Loss on fair value of embedded derivative	800	-
Closing balance	2,691	-

Note 21. Converting notes (continued)

Key assumptions used in determining the fair value of the converting notes - embedded derivatives

Valuation date	Share price $	Exercise price $	Expected volatility %	Converting life remaining Years	Fair value of option at valuation date $	Number of shares to be issued	Fair value of options $'000
30 June 2026	0.125	0.08	127.65	0.0849	0.0473	56,875,000	2,691
At inception	0.115 - 0.150	0.11 - 0.14	93.88 - 118.01	0.66 - 1	0.04 - 0.07	35,519,481	1,891

Accounting policy for converting notes
Converting notes issued by the Company comprise a financial liability and an embedded derivative relating to the conversion feature.

On initial recognition, the derivative component is measured at fair value, with the residual amount recognised as the host financial liability. The host financial liability is subsequently measured at amortised cost using the effective interest method. Interest expense recognised over the term of the notes includes the contractual interest and the unwinding of any discount arising on initial recognition.

The derivative liability is subsequently measured at fair value through profit or loss, with changes in fair value recognised in profit or loss.

On conversion, the financial liability and derivative liability are derecognised and the resulting equity instruments are recognised in issued capital.

Note 22. Issued capital

	2026 Shares	2025 Shares	2026 $'000	2025 $'000
Ordinary shares - fully paid	209,758,407	72,912,682	53,567	45,544

Movements in ordinary share capital

Details	**Shares**	**$'000**
Balance at 1 July 2024	471,021,409	40,802
Exercise of performance rights	19,219,875	458
Equity raising	143,947,420	3,341
Transfer of vested expired options to share capital	3,571,428	65
Capital consolidation (1 for 10)	(573,984,119)	-
Consolidation of shares	348	-
Share placement	9,035,715	1,265
Exercise of performance rights	100,606	2
Capital raising costs		(389)
Balance at 30 June 2025	72,912,682	45,544
Share placement (a)	11,682,050	1,500
Shares issued on the conversion of converting notes and accrued interest (b)	18,884,456	2,093
Conversion of rights to shares (note 23)	1,249,219	181
Share placement (c)	100,030,000	6,002
Shares issued as consideration for services rendered (d)	5,000,000	375
Capital raising costs		(2,128)
Balance at 30 June 2026	209,758,407	53,567

Note 22. Issued capital (continued)

(a) On 13 November 2025, the Company completed a placement to sophisticated and professional investors, issuing 11,682,050 fully paid ordinary shares at an issue price of $0.1284 per share, raising $1.5 million before transaction costs.
(b) Shares issued on conversion of converting notes include: converting notes with a face value of $2.0 million that were issued and converted during the financial year including accrued interest of $28,000; and shares issued in settlement of interest of $65,000 on converting notes that remained outstanding at the reporting date (refer note 21).
(c) The Company completed a placement to institutional and professional investors comprising 100,030,000 fully paid ordinary shares at an issue price of $0.06 per share, raising $6.0 million before transaction costs. The placement was completed in two tranches, with 15,694,712 shares issued on 15 April 2026 and the remaining 84,335,288 shares issued on 22 May 2026 following shareholder approval at the general meeting held on 20 May 2026. The issue of the first tranche was ratified by shareholders at the same meeting.
(d) Shares issued as consideration for services received at $0.075 per share.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2025 Annual Report.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings', 'lease liabilities', 'derivative liabilities' and 'converting notes' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

Note 22. Issued capital (continued)

The gearing ratio at the reporting date was as follows:

	2026 $'000	2025 $'000
Borrowings (note 17)	3,600	4,600
Lease liabilities (note 18)	773	119
Derivative - Warrant (note 19)	722	826
Converting notes - host liability (note 21)	4,699	-
Converting notes - embedded derivative (note 21)	2,691	-
Total borrowings	12,485	5,545
Cash and cash equivalents (note 9)	(878)	(1,149)
Net debt	11,607	4,396
Total deficiency in equity	(11,891)	(4,263)
Total capital	(284)	133
Gearing ratio	4,087%	3,305%

Note 23. Reserves

	2026 $'000	2025 $'000
Foreign currency reserve	(264)	(389)
Share-based payments reserve	1,426	665
	1,162	276

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 23. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Foreign currency translation reserve $'000	Share based payments reserve $'000	Total $'000
Balance at 1 July 2024	46	829	875
Foreign currency translation	(435)	-	(435)
Conversion of rights to shares	-	(460)	(460)
Share based payments expense	-	361	361
Shares payables not issued	-	(65)	(65)
Balance at 30 June 2025	(389)	665	276
Foreign currency translation	125	-	125
Conversion of rights to shares	-	(181)	(181)
Share based payments expense	-	281	281
Broker options	-	1,277	1,277
Lapsed rights and expired options	-	(616)	(616)
Balance at 30 June 2026	(264)	1,426	1,162

Note 24. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 25. Financial instruments

Financial risk management objectives
The Group's principal financial instruments comprise borrowings, derivatives, receivables, payables, cash and short-term deposits. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Market risk

Foreign currency risk
As a result of operations in the USA being denominated in USD, operations in New Zealand being denominated in NZD, and operations in the United Kingdom being denominated in GBP, the Group's balance sheet can be affected by movements in the respective AUD exchange rates. The Group does not hedge this exposure.

Note 25. Financial instruments (continued)

In the reporting period the Group's volume of transactions in NZ currency was low and immaterial.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in USD, NZD and GBP, to meet current operational commitments.

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates.

The Group's exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The interest rates in relation to borrowings are fixed at 9.5%. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

	2026 Balance $'000	2025 Balance $'000
Cash and cash equivalents (interest-bearing accounts)	285	161
Net exposure to cash flow interest rate risk	285	161

Credit risk
Credit risk arises from the financial assets of the Group, which comprise deposits with banks and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the Statement of Financial Position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts. Trade and other receivables are expected to have a maturity of less than 12 months, for both year-ends.

There are no significant concentrations of credit risk within the Group.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 25. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2026	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	6,369	-	-	-	6,369
Interest-bearing - fixed rate						
Term loans	9.50%	3,600	-	-	-	3,600
Converting notes*	-	-	-	-	-	-
Lease liability	3.60%	299	315	246	-	860
Total non-derivatives		10,268	315	246	-	10,829

* The converting notes have been included in the contractual maturity analysis as they are recognised as financial liabilities at the reporting date. However, the contractual terms require settlement through the mandatory issue of a variable number of ordinary shares, with no contractual obligation to deliver cash in respect of either the principal or accrued interest. Accordingly, the contractual cash outflows relating to the converting notes are nil.

2025	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	4,267	-	-	-	4,267
Interest-bearing - fixed rate						
Term loans	9.50%	1,300	3,300	-	-	4,600
Lease liability	3.70%	40	79	-	-	119
Total non-derivatives		5,607	3,379	-	-	8,986

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2026	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivative liabilities - warrants	-	-	722	722
Derivative liabilities - converting notes	-	-	2,691	2,691
Total liabilities	-	-	3,413	3,413

2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Derivative liabilities - warrants	-	-	826	826
Total liabilities	-	-	826	826

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Warrants:
The fair value measurement of the derivative liabilities involves significant estimation uncertainty. Key assumptions used in the valuation include expected volatility and the risk-free interest rate. These inputs are subject to change and can materially affect the fair value outcome.

Converting notes:
Key unobservable inputs include assumptions regarding share price volatility, risk free interest rate and probable conversion outcomes. These assumptions require significant judgement and are based on management's best estimates at the reporting date. Changes in these assumptions could result in a material change in the fair value of the embedded derivatives, with a corresponding impact on profit or loss in future reporting periods.

Note 26. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Warrants $'000	Converting notes $'000
Balance at 1 July 2024	(419)	-
Losses recognised in profit or loss	(407)	-
Balance at 30 June 2025	(826)	-
Additions	-	(1,891)
Gains/(losses) recognised in profit or loss	104	(800)
Balance at 30 June 2026	(722)	(2,691)
Total losses for the previous year included in profit or loss that relate to level 3 assets held at the end of the previous year	(407)	-
Total gains/(losses) for the current year included in profit or loss that relate to level 3 assets held at the end of the current year	104	(800)

Note 27. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2026 $	**2025 $**
Short-term employee benefits	1,512,346	1,326,034
Post-employment benefits	124,173	94,122
Share-based payments	153,258	291,157
	1,789,777	1,711,313

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	2026 $	**2025 $**
Audit services - RSM Australia Partners		
Audit or review of the financial statements	132,000	120,000
Other services - RSM Australia Partners		
Independent experts report	51,500	-
	183,500	120,000

Note 29. Related party transactions

Parent entity
Spacetalk Limited is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	2026 $	2025 $
Other transactions:		
Subscription for converting notes by key management personnel	470,000	-

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2026 $'000	2025 $'000
Loss after income tax	(3,499)	(1,246)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(3,499)	(1,246)

Note 30. Parent entity information (continued)

Statement of financial position

	Parent 2026 $'000	2025 $'000
Total current assets	-	-
Total non-current assets	69,772	58,200
Total assets	69,772	58,200
Total current liabilities	11,712	2,126
Total non-current liabilities	-	3,300
Total liabilities	11,712	5,426
Net assets	58,060	52,774
Equity		
Issued capital	53,567	45,544
Share-based payments reserve	1,427	665
Retained profits	3,066	6,565
Total equity	58,060	52,774

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2026 and 30 June 2025.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in subsidiaries

Unlisted controlled entity	Country of incorporation	Date of acquisition or incorporation	Class of shares	30 June 2026	30 June 2025
Spacetalk Digital Pty Ltd (formerly MGM Wireless Holdings Pty Ltd)	Australia	10/08/2003	Ordinary	100%	100%
Message You LLC1	USA	11/09/2006	Ordinary	100%	100%
Spacetalk (NZ) Pty Ltd	Australia	18/05/2010	Ordinary	100%	100%
Spacetalkwatch UK Ltd	United Kingdom	25/02/2019	Ordinary	100%	100%
Spacetalk Holdings Pty Ltd	Australia	29/06/2015	Ordinary	100%	100%
Spacetalk USA Pty Ltd	Australia	29/06/2015	Ordinary	100%	100%
Spacetalk LLC	USA	29/04/2021	Ordinary	100%	100%
Spacetalk Inc	USA	29/04/2021	Ordinary	100%	100%

Note 32. Events after the reporting period

Strategic MVNO partnership
Subsequent to 30 June 2026, the Company entered a strategic Mobile Virtual Network Operator (MVNO) wholesale agreement with TPG Telecom Limited (“TPG Telecom”) to support the next phase of growth for Spacetalk Mobile. Under the agreement, the Company will migrate its Spacetalk Mobile customer base to the TPG Telecom wholesale mobile network which provides coverage to 99 per cent of the Australian population across more than 1.2 million square kilometres. The Company will continue to own the customer relationship, brand experience, pricing and customer proposition, while TPG Telecom will provide wholesale mobile network capacity and related services.

Commercial agreement with TPG Telecom (Vodafone Australia)
Subsequent to 30 June 2026, the Company entered into a commercial agreement with TPG Telecom, under which Vodafone Australia will launch an exclusive offer to its customers for a co-branded family location, online safety and digital wellbeing solution powered by Spacetalk's proprietary software platform.

Placement and capital raising
On 5 August 2026, the Company announced that it had received binding commitments from institutional and professional investors to raise $10.0 million before costs through a two-tranche placement of 133,333,333 fully paid ordinary shares at an issue price of $0.075 per share.

Tranche 1 comprised 34,581,000 ordinary shares to raise approximately $2.6 million, which were issued on 13 August 2026 under the Company’s existing placement capacity. Tranche 2 comprises 98,752,333 ordinary shares to raise approximately $7.4 million and remains subject to shareholder approval.

Subject to shareholder approval, the Company also proposes to issue 30,000,000 unlisted options to the Lead Manager, exercisable at $0.10 each and expiring three years from the date of settlement of the Placement, as partial consideration for services provided.

Converting notes
On 3 August 2026, the Company issued 59,630,957 fully paid ordinary shares for nil consideration, as a result of the conversion of 4,475,000 converting notes (with a face value of $1.00 each) at $0.08 per share, and interest payable on the converting notes under the terms of issue.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 33. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	2026 $'000	2025 $'000
Loss after income tax expense for the year	(17,153)	(4,544)
Adjustments for:		
Depreciation and amortisation	2,338	1,442
Write off of intangibles	628	27
Share-based payments	281	361
Fair value gain/(loss) on derivatives	-	407
Other expenses - non-cash	768	-
Finance costs - non-cash	2,933	-
Gains and losses on foreign exchange realised in profit or loss	129	(377)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	586	(732)
Decrease/(increase) in inventories	702	(175)
Increase in prepayments	(435)	-
Increase in other operating assets	-	(450)
Increase in trade and other payables	2,102	1,438
Increase/(decrease) in contract liabilities	(109)	209
Decrease in derivative liabilities	(104)	-
Increase in employee benefits	11	-
Decrease in other provisions	(76)	(287)
Net cash used in operating activities	(7,399)	(2,681)

Note 33. Cash flow information (continued)

Changes in liabilities arising from financing activities

	Lease liabilities $'000	Term loan $'000	Converting notes $'000	Converting notes - hosting liability $'000	Converting notes - embedded derivative $'000	Derivative instruments - warrants $'000	Total $'000
Balance at 1 July 2024	208	5,000	-	-	-	419	5,627
Net cash used in financing activities	(103)	(400)	-	-	-	-	(503)
Changes in fair values	-	-	-	-	-	407	407
Other changes	14	-	-	-	-	-	14
Balance at 30 June 2025	119	4,600	-	-	-	826	5,545
Net cash from/(used in) financing activities	(184)	-	2,000	3,180	-	-	4,996
Term loan settled by issue of converting notes	-	(1,000)	-	1,000	-	-	-
Notes issued to employees in lieu of cash	-	-	-	370	-	-	370
Bifurcation of derivative instrument	-	-	-	(1,891)	1,891	-	-
Imputed interest on converting notes	-	-	-	2,133	-	-	2,133
Conversion of interest to shares	-	-	-	(93)	-	-	(93)
Conversion of notes to shares	-	-	(2,000)	-	-	-	(2,000)
Acquisition of leases	838	-	-	-	-	-	838
Changes in fair values	-	-	-	-	800	(104)	696
Balance at 30 June 2026	773	3,600	-	4,699	2,691	722	12,485

Gross lease payments made by the Group during the year ended 30 June 2026 were $157,000 (2025: $131,000).

Note 34. Earnings per share

	2026 $'000	2025 $'000
Loss after income tax attributable to the owners of Spacetalk Limited	(17,153)	(4,544)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	105,889,240	61,414,343
Weighted average number of ordinary shares used in calculating diluted earnings per share	105,889,240	61,414,343

	Cents	Cents
Basic earnings per share	(16.2)	(7.4)
Diluted earnings per share	(16.2)	(7.4)

As at 30 June 2026, 29,102,120 options and 185,234 performance rights remain on issue. These are anti-dilutive due to the reported net loss and are excluded from the 30 June 2026 diluted EPS calculation.

Note 35. Share-based payments

(a) Options

During the financial year ended 30 June 2026, the Company granted 8,221,147 share options to employees under its Long-Term Incentive (LTI) plan on 3 September 2025. The share options are subject to service vesting conditions and vest in three equal tranches, with one-third vesting on each of the first, second and third anniversaries of the grant date, subject to the satisfaction of the applicable vesting conditions. The options have an exercise price of $0.22 per option and an expiry date on the fourth anniversary of the grant date. 4,119,027 options were forfeited during the year.

On 10 June 2026, the Company issued 25,000,000 unlisted options as partial consideration for lead manager services provided in connection with the Company's placement of ordinary shares completed in May 2026. The issue of the options was approved by shareholders at the General Meeting held on 20 May 2026. The options are exercisable at $0.085 per option and expire three years from the settlement date of the placement. In accordance with AASB 132, the total fair value of the options granted to the lead manager, amounting to $1,276,444 has been recognised as capital-raising expenses and deducted from equity. These expenses were directly offset against the equity proceeds from the capital raise and were not included in the statement of profit of loss.

The options do not confer any voting or dividend rights on the holders. Voting and dividend rights will only arise if and when the options are exercised and ordinary shares are issued.

Set out below are summaries of options granted:

	Number of options 2026	Number of options 2025
Outstanding at the beginning of the financial year	19,165,688	119,682,018
Granted	-	71,973,747
Outstanding before consolidation	19,165,688	191,655,765
Consolidation of options	-	(172,490,188)
Rounding due to consolidation	-	111
Granted	33,221,147	-
Forfeited/lapsed	(23,284,715)	-
Outstanding at the end of the financial year	29,102,120	19,165,688
Exercisable at the end of the financial year	25,000,000	-

The exercise price for the 25,000,000 options is $0.085 per option, while the exercise price for the balance of 4,102,120 options is $0.22 per option.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.1 years.

(b) Performance rights

During the year ended 30 June 2026, the Company granted employee performance rights for nil consideration in accordance with the performance guidelines established by the Remuneration Committee. A total of 450,000 performance rights were granted and vested on 26 September 2025. A further 363,708 performance rights were granted and vested on 28 November 2025.

The vesting of these performance rights is contingent on achieving specific performance targets relevant to the role. Key targets include:

- Annual Recurring Revenue (ARR) targets
- Free cash flow targets
- Volume-Weighted Average Price (VWAP) targets

Note 35. Share-based payments (continued)

Set out below are summaries of performance rights granted:

	Number of rights 2026	**Number of rights 2025**
Outstanding at the beginning of the financial year	1,433,959	45,648,242
Granted	-	13,088,550
Forfeited/lapsed	-	(27,580,421)
Exercised	-	(19,219,875)
Outstanding before consolidation	1,433,959	11,936,496
Consolidation of rights	-	(10,742,846)
Rounding due to consolidation	-	2
Granted	813,708	543,914
Forfeited/lapsed	(813,214)	(203,001)
Exercised	(1,249,219)	(100,606)
Outstanding at the end of the financial year	185,234	1,433,959
Exercisable at the end of the financial year	185,234	-

(c) Valuation of options and performance rights granted

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
03/09/2025	03/09/2029	$0.150	$0.220	124.89%	-	3.60%	$0.1100
20/05/2026	20/05/2029	$0.077	$0.085	109.39%	-	4.52%	$0.0511

Performance rights issued during the year were measured at fair value based on the prevailing share market price at the grant date.

(d) Shares issued
During the year, the Company issued 5,000,000 fully paid ordinary shares to a supplier in consideration for services provided to the Company. The shares were valued at $375,000 based on the market price of the Company’s shares at the date the services were received, and the corresponding amount was recognised as an expense.

Accounting policy for share-based payments
The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.