Spectur Limited (ASX: SP3) Sales and Technology Update

ASX Announcement | 15/12/2020

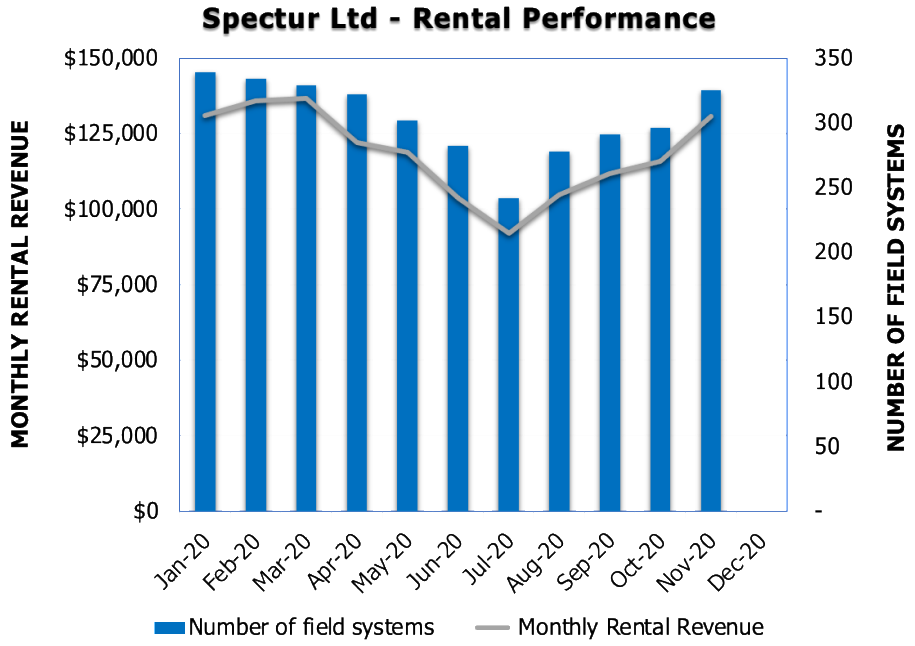
Highlights

- **Consistent growth in FY21 to date has seen Spectur's rental fleet size and associated revenue recover to pre-COVID (March 2020) levels**
- **Experienced Chief Sales and Operations Officer engaged**
- **Several new technology improvements implemented to Spectur's STA6 and HD5 platforms: Spectur now provides industry-leading camera quality and detection sensitivity, augmented with edge AI via CSIRO Data61, and two-way audio**
- **Further product enhancements are planned for H2 FY21, set to increasingly differentiate Spectur by solving customer problems that competitors simply cannot**

Tuesday 15 December 2020: Solar security, sensing and visual AI solutions and platforms company Spectur Limited (ASX: SP3) (**Spectur** or the **Company**) is pleased to provide an update on recent progress of sales and technology initiatives.

Strong Recovery in Rental Fleet Size

The month of November marked a significant milestone in the recovery of Spectur's markets which had been impacted by COVID-19. After a sustained period of growth, Spectur's November 2020 deployed fleet of 325 systems compares favourably with the 329 systems on deployment in March 2020. Spectur's deployed rental fleet is a key success metric as the Company's rental revenue stream, both historically and today, provides steadily higher gross margins compared to the outright sales model.



Going forward, it is anticipated that the removal of COVID-19 lockdowns and a return to higher activity levels across the building and construction sectors, combined with Christmas shutdowns, will increase building-related crime and drive demand for crime prevention solutions.

Chief Sales and Operations Officer Employed

Following a period of contract support in a role that expanded from Sales review, to Sales Management, Fulfillment and Field Services, Mr Robin Walford has now been employed in a full time executive role as Chief Sales and Operations Officer. This role combines management of Spectur's sales team with the fulfillment, installation, operations and maintenance teams to ensure consistent and aligned customer satisfaction.

Mr Walford was formerly CEO of Vista Energy, a role he held for nearly 9 years, growing this organisation from inception to a material, Australia-wide operation managing energy services at more than 500 sites.

Executive Commentary

Spectur Managing Director, Gerard Dyson, said:

"The ongoing recovery of the rental fleet, in both size and revenues, to the levels that existed when COVID-19 first impacted us in Australia is very encouraging. Noting that we are now supplementing the fleet with STA6 systems as well as HD5s, we expect the average revenue per system to also increase over time. We also expect our new long-term leasing or lease-to-own model (previously referred to as Hardware as a Service or HaaS), to roll out in January 2021. This additional commercial model, which allows more customers to access Spectur solutions, is expected to further resonate with the trend away from larger up-front capital expenditure and provide incremental revenue growth.

"I am also particularly pleased to announce the addition of Robin Walford to our leadership team. Robin brings significant bench strength in our executive team and his broad experience in sales, leadership and growing organisations will enable us to build upon our growth momentum into the future."

Commensurate with this appointment, our previous COO Gary Pennefather has been appointed as the Group's Chief Technology Officer, to focus on leading the development of Spectur's technology platforms and production infrastructure.

Technology Improvements Delivered in Q1 FY21

In July 2020, Spectur launched the STA6 (Sensing, Thinking and Acting) platform to supplement the existing HD5 security, surveillance and time-lapse system. This launch was the product of a year of customer needs analysis, concept design, market testing, internal development and engineering. The resulting platform - designed, built and programmed in Australia - has delivered the following:

- Multi-camera capability (up to 4), providing combinations of thermal and optical cameras as well as the option to have up to 360-degree vision
- Ability to integrate into third party video management systems (ONVIF industry standard compliant)
- Edge processing capabilities suitable for artificial intelligence (AI) and also management of remote sensors
- Industry leading:

- Camera vision, quality and resolution – night and day
- Detection at distance and at night
- False alarm performance, through use of AI

As indicated in the Company's ASX Announcement "Sales and Pipeline Update" on 24 November 2020, the STA6 system has already proved successful in both the purchase and rental markets.

New Features Developed and Delivered in Q2 FY21 to Date

Since the deployment of the STA6 platform in FY21 Q1, Spectur has developed and implemented the following new features:

- **Edge AI.** Following rigorous testing, Spectur has now remotely deployed edge-based artificial intelligence to all STA6 platforms. This technology, developed with the support of CSIRO Data61 (collaboration agreement announced in July 2020), has been designed to manage data and energy efficiently across Spectur's solar-powered fleet. The initial benefits of this are:
  - Faster response time for customer alerts and in-field system response, independent of network speeds
  - Lower data costs as vision is only streamed to the internet when AI has confirmed the relevance
  - A custom AI engine which can be built on for potential future applications such as people counting and tracking

- **Push to talk and two way audio.** Spectur expects to roll out live two-way communication capabilities with the STA6 platform in January 2021. Using the built in microphone and speaker integral to all STA6 systems, a software update will provide the capability for two-way conversations in the field, with ongoing (one-way) video. This allows:
  - Immediate live conversations with those on site
  - Recognition of the behavior of people on site in response to those conversations
  - Applications for safety, productivity, warning and mustering, and more

- **Video streaming.** Spectur's latest update brings 10 frames per second (fps) video in 4K quality to events, CCTV mode, timelapse recordings and soon live-view. The STA6 platforms can now provide video imagery that is easier to interpret, zoom into and recognise whilst still running AI analytics. For specific non-security applications, Spectur can even provide 30 fps options.

- **STA6 Pro.** In December 2020, Spectur will deliver its first full 360-degree vision system. Unlike other systems that use dual "fisheye" lenses which distort the image and/or provide a reduced number of pixels relative to standard cameras, the Spectur solution brings four separate 4K cameras together to deliver a stunning 16K of images suitable for all applications, in all directions. This technology upgrade means the STA6 Pro has no blind spots and now represents the ultimate solution for multiple solar security, surveillance, productivity, safety and broader applications.

Research, Development and Commercialisation plans for H2 FY21

Spectur has an ongoing program of technology development, informed by market research and regular customer feedback. The flexibility of the STA6 platform allows most new

applications to be deployed remotely to existing STA6 units, making the direct cost of adding these solutions very low.

In the next quarter, Spectur plans to advance its development of:

- **The HD6 / STA5 (HD5 replacement).** To continue to service the existing HD5 market and price point, but bringing multiple benefits associated with the STA6 platform, Spectur is developing the next generation HD5 replacement.

- **Sensing applications.** Sensing applications for the STA6 platform will be rolled out through H2 FY21. Initial sensing applications will be tailored to current solutions and customer groups, however, the core functionality, much like the AI platform, will offer the potential to work across a broader array of IoT sensing devices.

- **Additional AI applications.** Following the successful deployment of the edge AI platform, the Company is building on this to explore additional AI applications including people counting (suitable, for example, for counting people entering or leaving a venue) and Automated License Plate Recognition (ALPR) (used for a variety of smart city, parking and productivity applications).

- **Simplified scheduling and improved app functionality.** To support the Company's growing network of resellers and reduce the demands on the Spectur technical team, moving control of some product features back to customers will be advanced through a simplified scheduling function that will extend into other improved functions.

Executive Commentary

Spectur Managing Director, Gerard Dyson, said:

"In July we made a number of statements around improved functionality, applications and growth in Spectur's products and market position. Spectur is getting the job done. We are on the cusp of moving from providing a superior product in the market, to differentiating through leveraging our growing sensing and AI capabilities to solve customer problems that competitors simply cannot."

"While some of the features that we are currently bringing to market can be provided by others, the key difference with the Spectur platform is that all of these and existing features are integrated, allowing customers to have one simple interface and application to manage all their autonomous sensing, thinking and acting needs. These technology advances, combined with our strengthening sales and marketing capabilities, provide the foundation for growth in revenue. Our strategy to provide new solutions to old problems is allowing us to acquire market share while also opening new markets, providing for a favourable growth outlook."

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About Spectur Limited
Spectur Limited (ASX:SP3) is an Australian-based developer of security, surveillance and warning solutions powered by solar, IoT [Internet of Things], camera and cloud-based technology. The Company owns the rights to its innovative hardware and disruptive cloud-based systems which are deployed to provide solutions to industries including government and utilities, and the building, construction and civil sector.

Spectur's core products are solar powered deterrence and surveillance systems and associated cloud-based platforms. These systems incorporate cameras, lighting, audible warnings and a hardware IoT platform, remotely accessed and connected via 3G/4G technology to a cloud-based platform. The offering is complemented by a longer distance, 24-hour thermal camera deterrence solution, suitable for customers with long perimeters.

Spectur is used and trusted by small business to multinationals and the Company is currently implementing a strategic growth plan to build market dominance in the Australian government and utilities sector to meet demand for innovative, remote camera and IoT solutions.

To learn more, please visit: www.spectur.com.au

Forward Looking Statements
This announcement contains forward-looking statements which are subject to elements of uncertainty, risk and other factors which could cause the actual results or outcomes to differ materially from those stated. These statements are based on an evaluation of current economic, contractual and operating conditions, as well as assumptions regarding future events. These events are, as at the date of this announcement, expected to take place, but there cannot be any guarantee that such events will occur as anticipated, when anticipated or at all given that many of the events are outside Spectur's control.

Accordingly, neither Spectur nor any of its directors, officers, employees, contractors or agents, gives any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur as and when anticipated.