

Spectur H1 FY21 Financial Results

ASX Announcement

Thursday 25 February 2021: Solar security, sensing and visual AI solutions and platforms company Spectur Limited (ASX: SP3) (**Spectur** or the **Company**) is pleased to provide its half-yearly results for the six months ended 31 December 2020 (**H1 FY21**).

Highlights

- Annualised Recurring Revenue (ARR) for rentals and SaaS income grew to \$2.6 million based on revenue received during H1, and has continued growing into H2
- Rental fleet growing rapidly and returning to pre-COVID-19 levels
- Revenue down for H1, but market returning to positive growth
- H2 FY21 delivering a strong start, recording the best January in Spectur's history
- Strategy being successfully implemented with \$2.2m cash at bank as at 31 Dec 2020 providing strength to consider organic and inorganic growth opportunities

Executive Commentary

Commenting on the Company's H1 FY21 performance, Spectur Managing Director Gerard Dyson said:

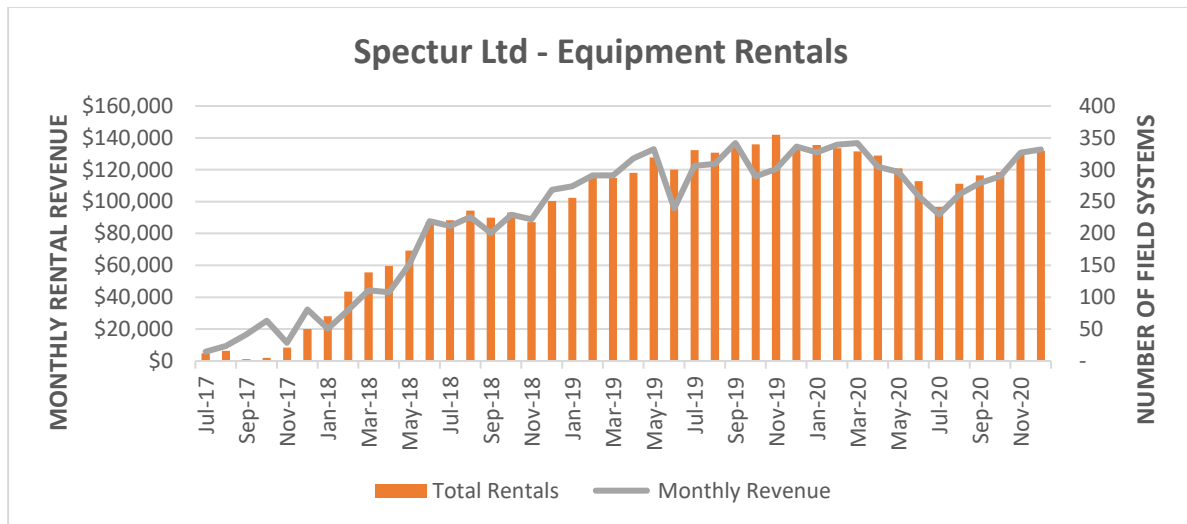
"Calendar year 2020 was challenging for many companies and individuals. Spectur has navigated the substantial depression in market conditions in some key sectors and geographies whilst building a platform that is seeing the Company return to growth. The strategic foundations that we have laid, particularly in the last 6 months, for sales, marketing, technology and human capital are beginning to pay off. The tide has turned and we hold a positive outlook for growth in 2021."

Results Overview

For H1 FY21 Spectur reported revenue of \$2,037k, down 22% on H1 FY20 (six months to December 2019) of \$2,619k. The bulk of the impact in revenues resulted from a halving of new sales and rental contracts in Victoria compared to H1 FY20, attributed to the strict COVID lockdowns state-wide. Indications are the market has begun to return to growth with positive recovery from the impacts of COVID restrictions expected into H2 FY21.

Rental Fleet Growing Rapidly Again

Spectur's rental fleet, after reducing to a low point in July 2020, has rebounded almost completely to pre-COVID levels, with a total fleet size of 330 systems deployed as at the half year end.



In addition to a net growth of rentals of 48 systems over the period, the average rental value has started to increase with the introduction of the higher value STA6 model to the rental fleet. Equipment rental revenue for H1 FY21 totalled \$687k. During the period, Spectur secured an increasing number of larger value rental contracts, along with anticipated longer term contracts (those that have an initial short duration, with an expectation of extensions). Equipment rental revenues based upon January 2021 installations are currently run rating at \$1.8 million annualised.

Recurring revenues from data plans, server access and monitoring services were \$597k for H1 FY21 with a December run rate in excess of \$1.2 million per annum. The Annualised Recurring Revenue (ARR) for rentals and SaaS income was \$2.6 million when annualised for revenues received over H1 FY21, and is currently run rating at \$3 million based upon January 2021 results.

Additional COVID-19 governmental assistance totalling \$269k was also recognised during the reporting period, received as JobKeeper, cashflow boost and payroll tax rebates.

H2 FY21 Starting in Record Fashion

Following the strong finish to the calendar year, H2 FY21 has had a record start with the best January (a historically slow month) in corporate history, with revenues of \$406k. Whilst numbers for February are incomplete, contract sales to date are in excess of \$555k. Note that contract sales do not immediately translate to revenues as some revenue is spread over the contract periods.

Strategy Implemented and Successful

Spectur raised a combined total of \$1.5m from a Share Purchase Plan and a Placement at the commencement of FY21. The use of funds was intended to accelerate adoption of the Company's new technology platform, drive sales through expanding channel partnerships and review potential M&A opportunities.

In H1 FY21, Spectur has:

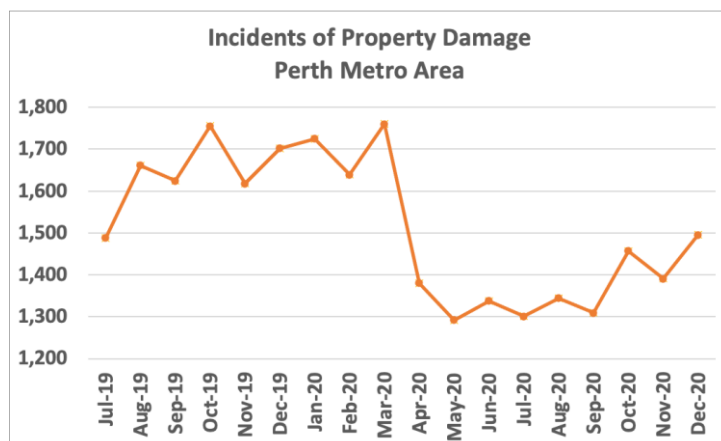
- Launched the new STA6 platform, progressively including expanded features such as edge and cloud based artificial intelligence, 360 degree vision in 16K, 10FPS 4K event, CCTC and live streaming with more to come.

- Expanded the range of applications to include development of a robust two-way video phone capability, to be released at scale in H2 FY21, with more features in ongoing development.
- Built a new reseller channel in New Zealand through the development of a 51:49 joint venture with Deus-Ex.
- Consolidated and leveraged an expanded outbound sales, account and sales management capability, which has delivered 2 record months of sales in the last 5 months and a growing pipeline.
- Rebuilt the rental business capacity, noting that full recovery from COVID-19 based interventions is incomplete.
- Built and launched a new website, onboarded a new digital marketing partner and refreshed all marketing collateral to reflect the future of the business.
- Successfully won nearly \$800k of new projects from contracts greater than \$100k, noting that there were no projects of that size in all of FY20.
- Grown the revenue of the target sectors of utilities (27%) and government (14%) in H1 FY21 compared to H1 FY20.
- Investigated and investigating multiple acquisition opportunities, with the support of an experienced contingent M&A advisor.

Challenges in FY21

H1 FY21 has brought material challenges within and external to Spectur which the Company is working to overcome.

Crime, a major driver of inbound demand for Spectur security solutions, has not recovered fully from the lockdowns associated with COVID-19. As can be seen in the statistics for property damage in Perth (WA) for the last 18 months*, lockdowns substantially reduced crime in metro WA which has not recovered to pre-COVID-19 levels.



It is postulated that part of this delay may be related to the ongoing provision of JobKeeper and JobSeeker, however this cannot be proven. Based on the Perth experience, it is expected that cities such as Melbourne which have experienced longer lockdowns and also greater reductions in Spectur revenues may follow similar lagging trajectories. Whilst presenting challenges for the broader community, it is expected that the reductions in JobKeeper and JobSeeker combined with lifting of lockdowns and immunisation may combine to increase property related crime over time, driving additional inbound demand for Spectur solutions as an affordable and effective deterrent.

Note: * WA Police Official Reported Crime Statistics

H1 FY21 also brought challenges in production for Spectur. Rapid demand for the new STA6 model, combined with supply chain delays meant that Spectur experienced delays in supply of this new model to customers. This impacted revenues and may have had an impact on sales. Increases in production staff, improvements in production technology and procedures and investments in core componentry inventory should mean that this problem is largely eliminated in H2 FY21.

Ends.

This ASX release is authorised by the Board of Directors of Spectur Limited

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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

