

Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 20/1/2022

Highlights

- Spectur sets new records in calendar year, quarterly and recurring revenue
- Unweighted sales pipeline of \$5.3m (weighted \$2.08m), underpinning expectations of a strong Q3 FY22
- More than \$2.1m of cash and debt combined available at 31 December 2021
- Ongoing growth initiatives progressing, including Australian and US partner trials, technology platform enhancements and exploration of international expansion opportunities

Thursday 20 January 2022: Solar security, sensing and visual AI solutions and platforms company Spectur Limited (ASX: SP3) (“Spectur” or the “Company”) is pleased to report on its activities for the quarter ended 31 December 2021.

Record revenue performance for quarter, half and full calendar year

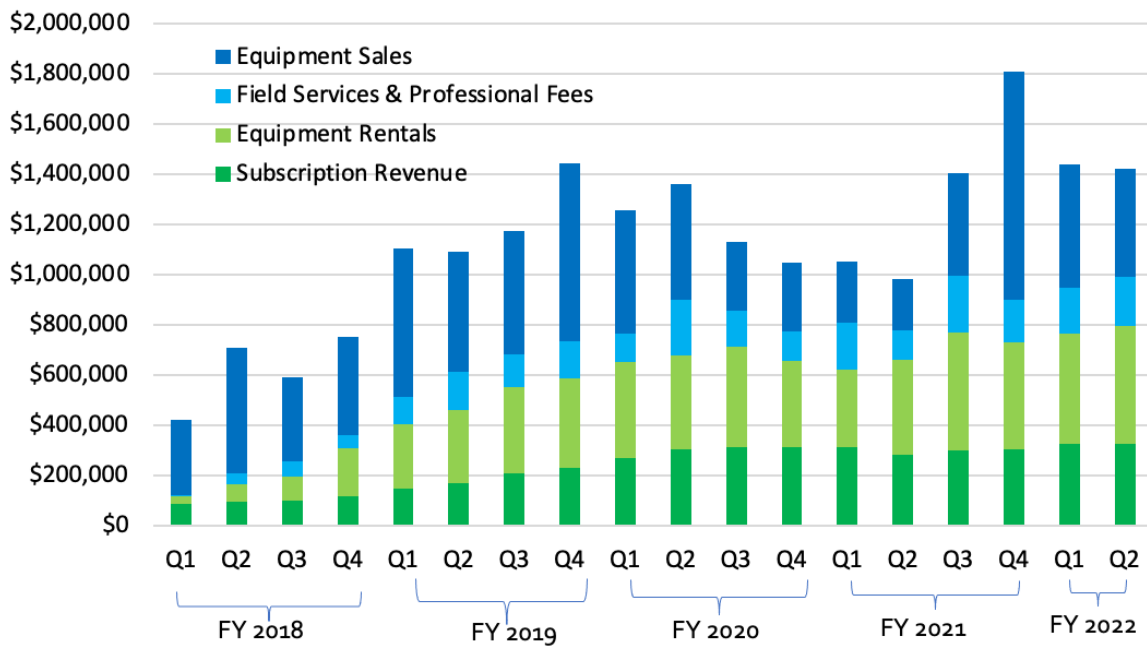
In Q2 FY22, Spectur achieved its best Q2 performance on record, earning revenue of more than \$1.42m (+45% year-on-year). Spectur gained momentum into the end of the quarter, generating monthly revenue of \$564k in December. This is the largest December month of revenue in Spectur history and represents an increase of 96% compared to December 2020. This December record is the 9th month of record revenue achieved during calendar year 2021. This achievement concludes a full calendar year revenue result of \$6.1m compared with \$4.2m in calendar year 2020 (a revenue increase of 44%).

The roll out of the Optus systems, which will extend into Q3 FY22, along with the pre-holiday demand underpinned the strong December and Q2 results.

Full calendar 2021 year recurring revenues were \$3.1m, 50% of total revenues, including \$1.3m of subscription revenue.

At the end of the quarter, Spectur had 352 rental units actively deployed – the highest number deployed in the history of Spectur.

Revenue per Quarter



Operating Cashflows and Cash

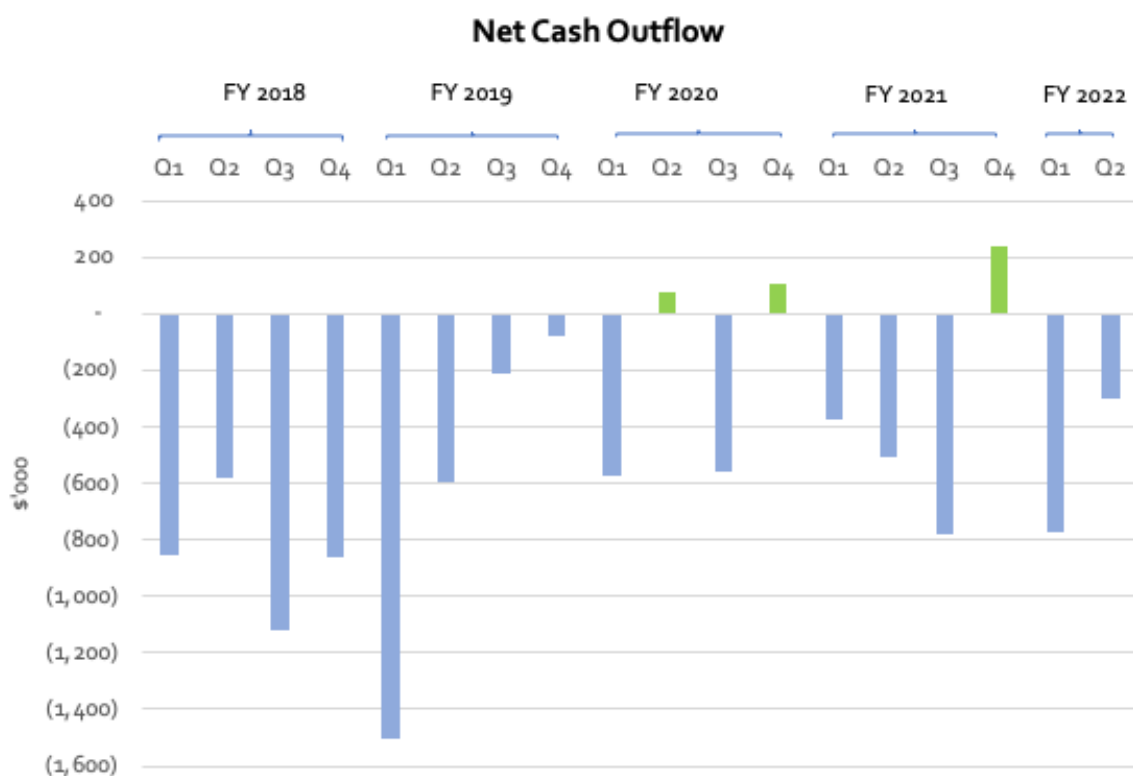
Cash outflows from operating activities decreased from \$2.4m in Q1 2022 to \$2.1m in Q2 2022.

Key elements of Q2 2022 operating cashflows were as follows:

- Administration costs include \$90k implementation cost for a new ERP software solution.
- Government grants received (\$301k) pertains to Spectur's R&D tax claim and is received annually.
- Other operating cash outflows of \$107k represent a one-off security deposit paid relating to the Optus Fixed Infrastructure agreement. This deposit will be refundable at the end of the agreement.

Underlying operating business cash outflows have stayed materially the same.

At this time, Spectur has drawn \$400k of the available \$1.5m debt facility, with \$1.1m of facility remaining. With \$1.0m of cash at bank at 31 December 2021, Spectur had \$2.1m of accessible capital at the year end.



Healthy sales pipeline complements strong Q2 performance and underpins positive outlook

Spectur’s unweighted pipeline of sales opportunities totalled \$5.3m at the end of Q2 FY22, with a probability weighted pipeline¹ of \$2.08m – reflecting the conversion to revenue of a number of larger contracts. The remaining, healthy pipeline includes larger contracts related to the expansion of existing accounts in the asset services, utilities and construction sectors, as well as the addition of new customers in the industrial, government, not-for-profit and utilities sectors.

Early in January 2022, this pipeline continued to deliver with the award of another important contract in the growing asset services area. Spectur is pleased to announce a recent contract award with Ventia Australia Pty Ltd, a key Department of Defence contractor, for security technology and services valued at \$139,529 plus GST. Whilst not a material contract in isolation, these works have potential for growth, in addition to ongoing projects with other major asset services companies.

As the Spectur shark and emergency beach warning systems are progressively deployed across Australia, we are expecting to achieve heightened visibility and additional sales of this technology. The movement away from lockdowns for businesses also bodes well for ongoing revenue growth into H2.

Other strategic progress

Other strategic pipeline developments include initial trials with a major Australian channel partner in the market (6 systems for testing), with potential to grow substantially in the future. Channel partners such as these have the potential to increase sales volumes of systems with a reduced cost compared to the current majority internal sales and rental model.

Similarly, Spectur is currently trialling its technology with a US partner who provides beach safety

¹ The methodology through which Spectur probability-weights its sales pipeline was disclosed via ASX announcement on 30 August 2021.

technology solutions. These trials are key to understanding potential future markets and the establishment of partners, and a supply chain prior to any formal expansion beyond current Spectur focus geographies.

Spectur constrained spend in New Zealand in 2021 due to the ongoing impacts of government lockdowns in response to COVID-19. As these restrictions were lifted in Q2, Spectur New Zealand hired a full time sales executive who has demonstrated immediate sales success.

Executive commentary

Spectur Managing Director, Gerard Dyson, said:

“Calendar year 2021 has been a strong year of recovery for Spectur, despite ongoing challenges brought on by COVID-19. A 44% top line growth across a year which included severe lockdowns and disruptions, bodes well for a less constrained 2022.”

“In addition to building, converting, and rebuilding a healthy sales pipeline with high quality customers in our target sectors, Spectur has also been busy expanding the strategic roadmap for accelerating future growth. Ongoing enhancements to the technology platform aimed at improving performance, reliability, cost and expandability have been advanced in both the HD5 and STA6 platforms, as well as solid progress on the future STA7 and sensing platform concepts. As well as extending our technology leadership, we have also been busy exploring and learning about future sales channels, in anticipation of further strategic step outs.”

“2022 is shaping up to be a game changing year for Spectur, and we look forward to delivering value and growth for our customers, partners and investors.”

Corporate Matters

During the quarter the following securities were issued following shareholder approval, granted at the Company’s Annual General Meeting:

- 2,250,000 unquoted options in respect of the EGP Capital Loan Facility;
- 2,083,333 Performance Rights to Managing Director Gerard Dyson under the Company’s Employee Incentive Scheme; and
- 2,100,000 Director unquoted options under the Company’s Employee Incentive Scheme, comprising 1,100,000 options to the Managing Director, Dr Gerard Dyson and 500,000 options to each of the Non-Executive Directors, Bilyana Smith and Darren Cooper.

Disclosure under Listing Rule 4.7C.3 – Payments to Related Parties and their Associates During the Quarter

	\$
Salary paid to Managing Director	82,246
Non-Executive Director fees paid	28,750
Superannuation paid to Directors	10,890
Total payments to related parties	121,887

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 warning, 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.