

Spectur Business Update – Investor Briefing

ASX Announcement | 6/12/2022

Tuesday 6 December 2022: Solar security, sensing and visual AI solutions and platforms company Spectur Limited (ASX: SP3) (“Spectur” or the “Company”) will be holding a live and interactive investor briefing on Tuesday 6 December at 12pm (AEDT).

Managing Director of Spectur, Gerard Dyson, will discuss recent results and activities, along with insights into the future.

Click here to register for the session:

<https://spectur.investorportal.com.au/investor-briefing/>

After registering, you will receive a confirmation email containing a calendar invitation and information about joining the webinar.

The attached presentation forms the basis of the market update.

Ends.

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

To stay up to date on news and announcements, register your details on the [Spectur investor portal](#).

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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





Spectur Limited (ASX:SP3)

Business Update, December 2022

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Certain statements made in this presentation are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Spectur Limited's current expectations, estimates and projections about the industry in which Spectur Limited operates, and its beliefs and assumptions. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates" and similar expressions are intended to identify forward-looking statements.

Although the Company believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Spectur Limited, are difficult to predict and could cause actual results to differ materially from those expressed or forecast in the forward-looking statements. Spectur Limited cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Spectur Limited only as of the date of this presentation.

The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. Spectur Limited will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.



About Spectur

Sense Think Act





Our Mission

We make **communities safer in remote and unpowered areas** by providing the only surveillance solution that can sense a problem, make a decision and take an action - without a cabled connection.







Company Update

Sense Think Act



Revenue model

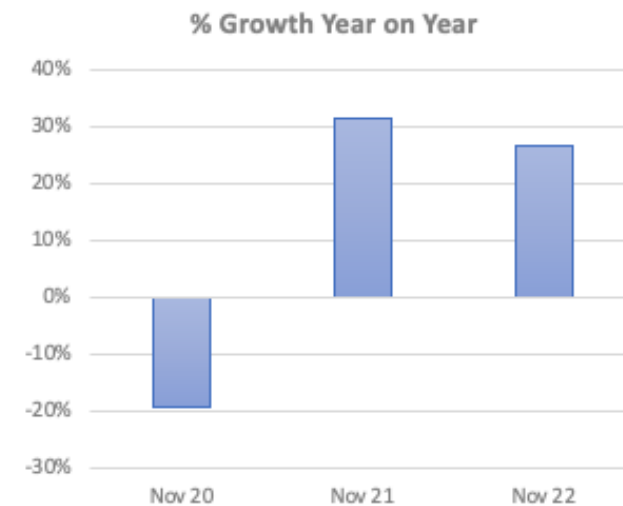
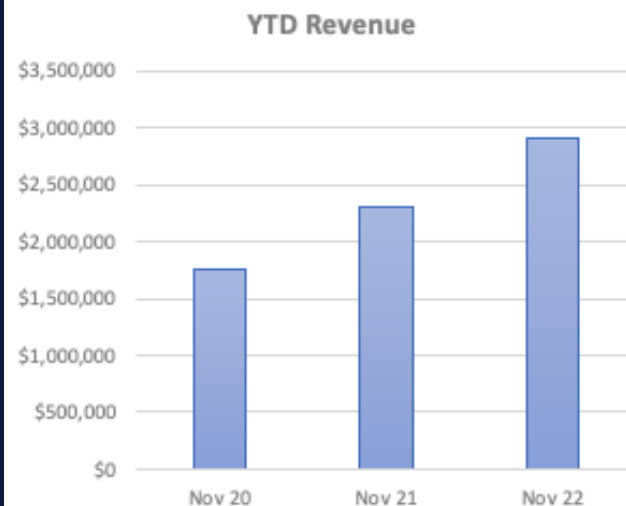
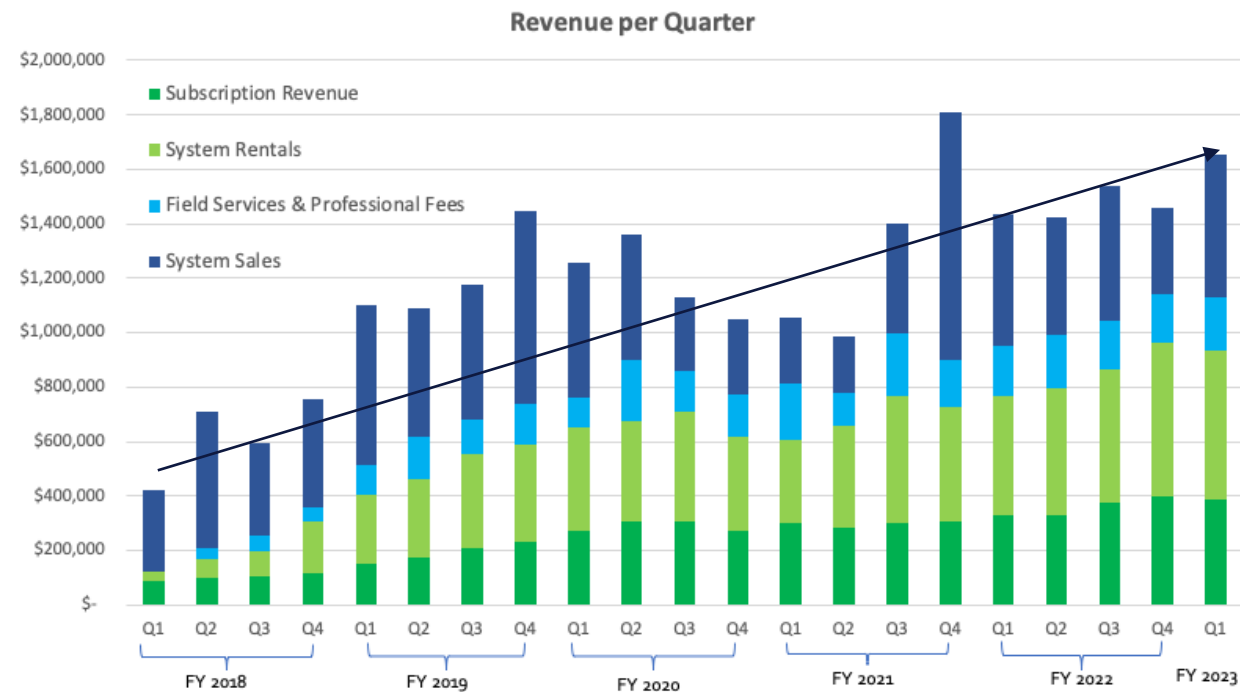
	 EQUIPMENT SALES	 SUBSCRIPTIONS	 RENTALS	 SERVICES
Description	Full system (requires subscription)	Use of service after purchase (app, data etc)	Limited-time use (rental and lease models)	Development, customisation, integration, installation, relocation, support
Client need	Prefers CAPEX / lowest lifecycle cost	Mandatory with equipment sales	Prefers OPEX / lowest up front cash costs	Bespoke solutions and other needs
Revenue share¹	33%	23%	32%	12%
Growth Trend²	+18%	+21%	+20%	+14%

1: Nov YTD FY23
 2: Nov YTD FY23 vs Nov YTD FY22
 3: Annualised recurring revenue

ARR³

Quality revenue growth in the past and present

- Today: >2,500 devices deployed with >600 customers
- Nov YTD FY23 Revenue growth 27% up on Nov YTD FY22.
- Growing share of **institutional contracts**
- Dominant WA position (\$2.6m FY22 rev, ~25% market share)
- Nov YTD FY23 revenue \$2.9m
- 52% of Nov 22 YTD revenue is ARR @ 70% GM% (FY22)
- Exceptional start to FY23 with monthly sales and revenue records

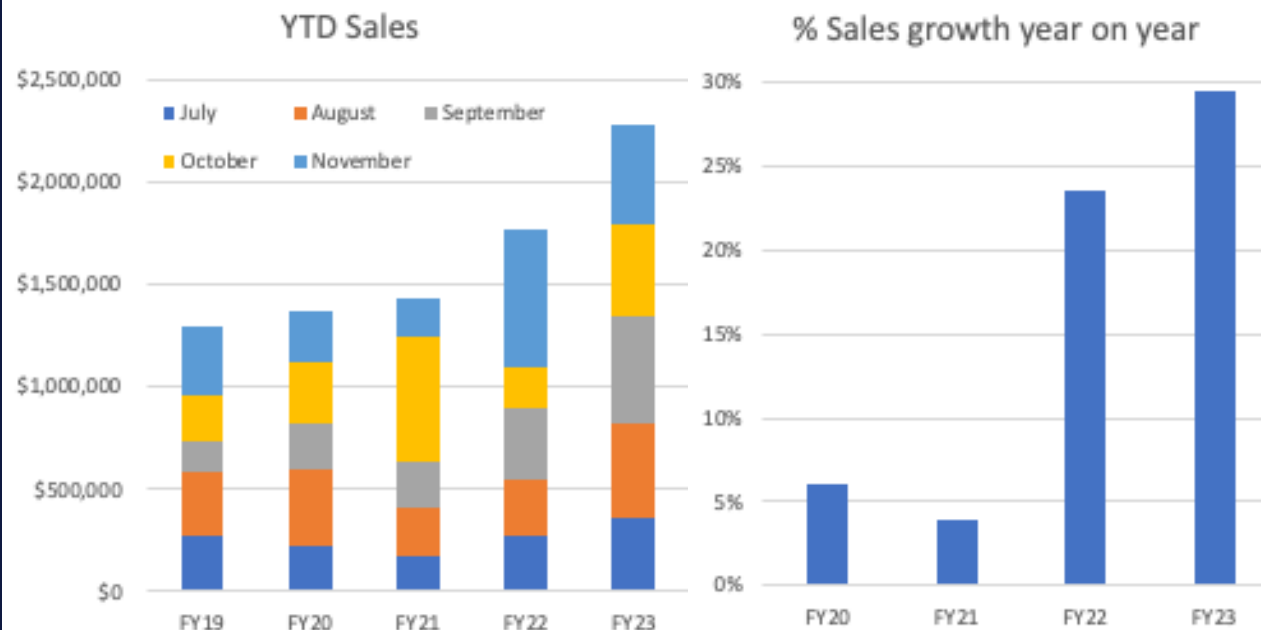
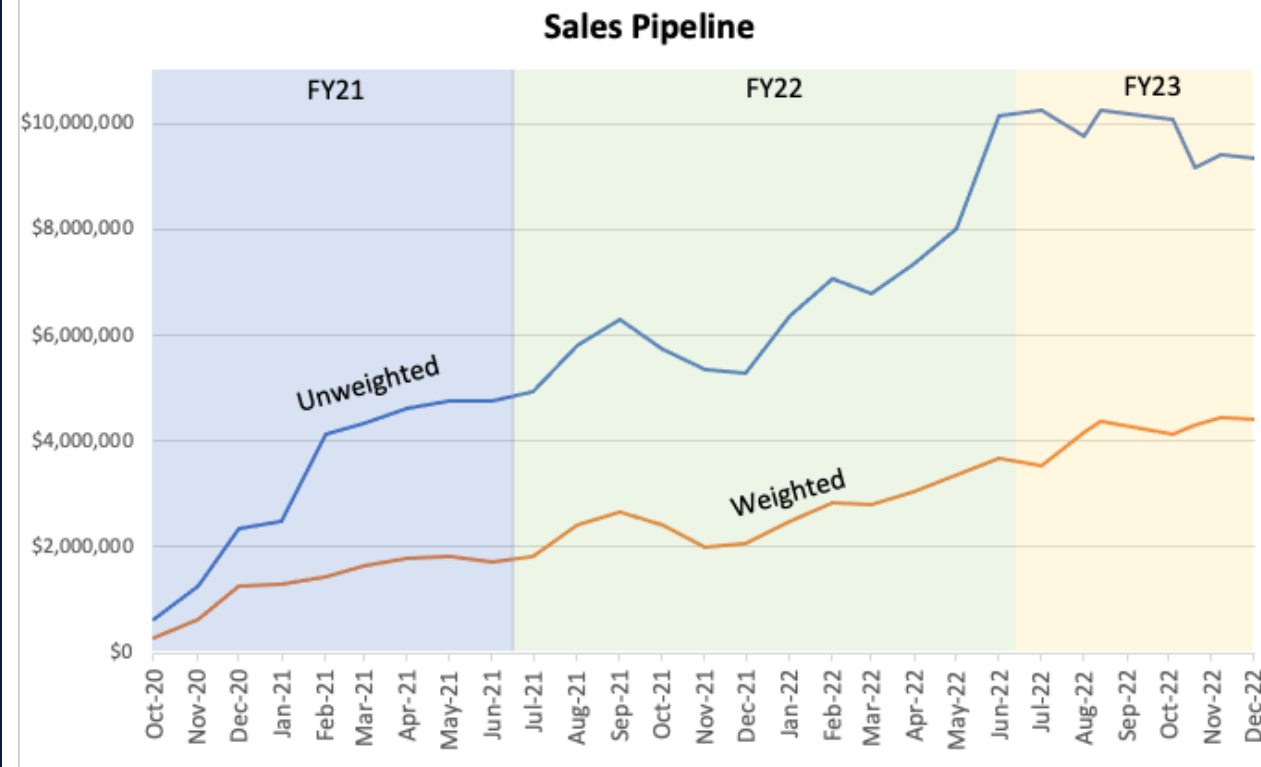


Foundations for growth

- Healthy balance sheet
 - \$295k operating cash consumption for Q1 FY23 (excluding one-off, annual and inventory build expenditures)¹
 - 31 October 2022 Inventories \$361k up on June 30, 2022 and stabilising
 - Fully vertically integrated business with >55% gross margin
- Substantial, growing sales pipeline
 - Unweighted: \$9.4m (2 December 2022)
 - Weighted: \$4.4m (2 December 2022)
- Record YTD sales
 - \$2,288k new contracts²
 - 29% increase on November YTD FY22

Notes:

1. Total net cash used in operating activities was \$849k, with \$554k of this spent on one-off, annual and inventory building expenditures
2. Sales contracts can be for extended months, not singular revenue events. Sales do not convert to revenue until hardware is installed.





Capital Structure

Key Metrics as at 4 December 2022

Share Trading Information

ASX code	SP3
Listed on ASX	01/08/2017
Current share price	\$0.03
Market cap	\$5.75m
52 week closing high	\$0.093
52 week closing low	\$0.030

Capital Structure

Current

Shares on issue	191.95m
Performance Rights on issue	13.2m
Unlisted Options	49.9m

Share Register

Top 20 shareholders	32.58%
% of register owned by Board & KMPs	3.72%

Top Shareholders (as at 4 December 2022)

APPWAM Pty Ltd	2.74%
National Nominees Limited	2.34%
Dr M Ameratunga	2.15%
Sandhurst Trustees Ltd <Equit Inv Dragonfly A/C>	2.09%
Mr Peter John Ferris	2.04%
D & G Amarakoon <Duro Super Fund>	1.90%
Mr DJ Cooper (Non-Executive Chairman)	1.74%
Camden Equity Pty Ltd <Byrne Hybrid Investment A/C>	1.73%
D & G Lontos <Francis Alexandra S/F A/C>	1.73%
Mr Mark Damon Kawecki	1.66%
BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail Client DRP>	1.64%
Fry Super Pty Ltd <INXS Super Fund A/C>	1.56%
Jomaho Investments Pty Ltd	1.52%
Sondance Pty Ltd <Jolpet A/C>	1.45%
Mr Alistair C Jackson	1.16%
Dr GJ Dyson (Managing Director)	1.16%
Mr A Gunawardena & Mrs T Fernando <Serotutor Superfund A/C>	1.10%
Exwere Investments Pty Ltd <Exwere Super Fund A/C>	1.06%



Market Opportunity

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Industry applications and use case examples

Target industries

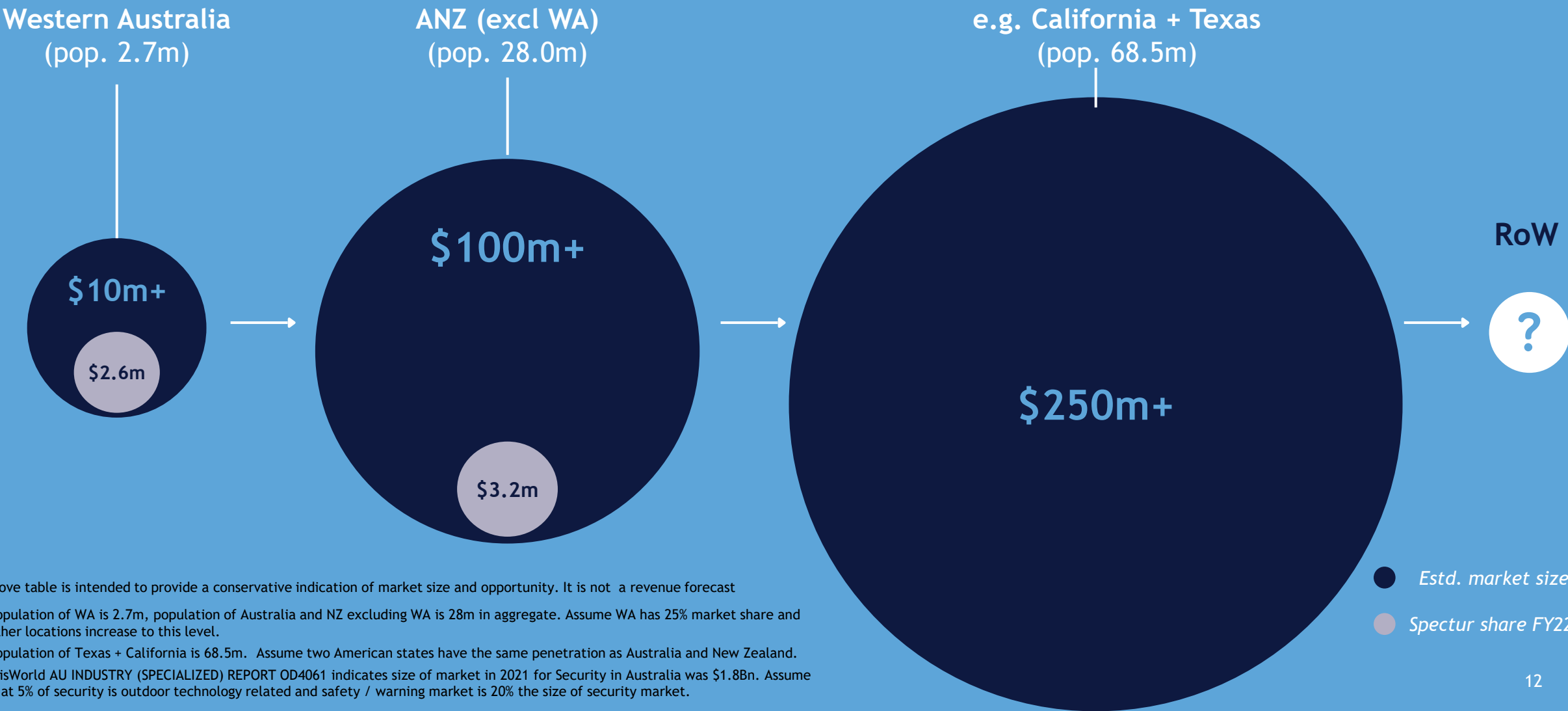
- Construction and building
- Local, state, federal government
- Utilities
- Community services
- Asset managers
- Transport and logistics
- Industrial, energy, resources
- Security service providers
- AI companies

Use case examples



Near-term target market - estimated size

Western Australia is a blueprint for expansion in ANZ and beyond



Notes:

The above table is intended to provide a conservative indication of market size and opportunity. It is not a revenue forecast

1. Population of WA is 2.7m, population of Australia and NZ excluding WA is 28m in aggregate. Assume WA has 25% market share and other locations increase to this level.
2. Population of Texas + California is 68.5m. Assume two American states have the same penetration as Australia and New Zealand.
3. IbisWorld AU INDUSTRY (SPECIALIZED) REPORT OD4061 indicates size of market in 2021 for Security in Australia was \$1.8Bn. Assume that 5% of security is outdoor technology related and safety / warning market is 20% the size of security market.



Strategic Outlook

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Strategy - our growth plan





Growth progress - ANZ dominance

South Australia Progress

- Sales leader hired at end of September 2022
- Facilities established October 2022
- At 2 December 2022
 - Unweighted pipeline - \$117k
 - Weighted pipeline – \$53k
 - Sales – first award - \$4.6k
- Early days, but encouraging progress

New Zealand Progress (Spectur 51% JV partner)

- Full time salesperson early 2022
- Investment increased in facilities, vehicle, marketing, training, systems in Q1 FY23
- At 2 December 2022
 - Unweighted pipeline – \$735k
 - Weighted pipeline – \$331k
 - Sales – FY23 YTD - \$84k
- Expect to be cash positive run rate at or before end of FY23.
- NZ has been a pilot case for entering international markets
- We will learn NZ lessons before we expand to other geographies.

Beach Warning Growth

- Ongoing sales of beach warning systems on both East and West coast of Australia
- Increasing print and TV coverage of our systems in action





Growth progress - global ready product (and better for ANZ markets)

Globalised, modular platform

- Iconic design with enhanced presence
- Scalability + reliability + global standards + simplicity
- Enables sales through resellers and future global markets
- Reduced cost to build, install, pack, transport and support per system
- Increased revenue and margin in current ANZ markets, future global benefit

Cloud

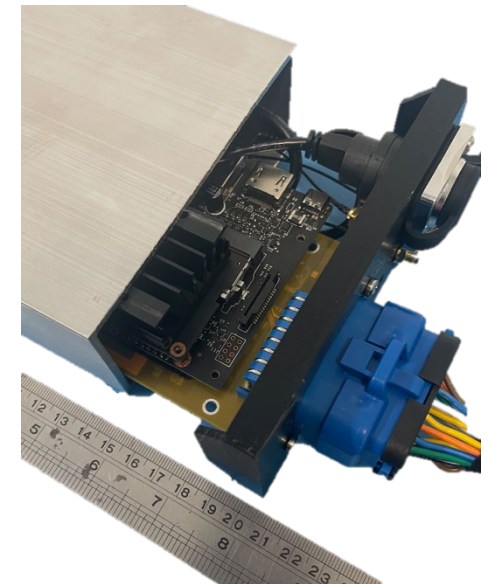
- Migrated to latest Azure services
- Commenced architecture design for reseller & international usage
- Updated support for integrating 3rd party open-standard CCTV systems
- Improved code modularity and implemented additional staging environments

Firmware

- Improved camera focus algorithms and night-time performance
- Unified firmware for all future products lines
- Trialling latest NVIDIA hardware including high reliability data storage

Hardware

- Consolidated design and assembly to Perth, WA
- Released STA6s (modular & simplified)
- Modular Power in field trials following structural simulation + physical testing
- Advancing STA7 & HD6 design concepts and some early prototyping





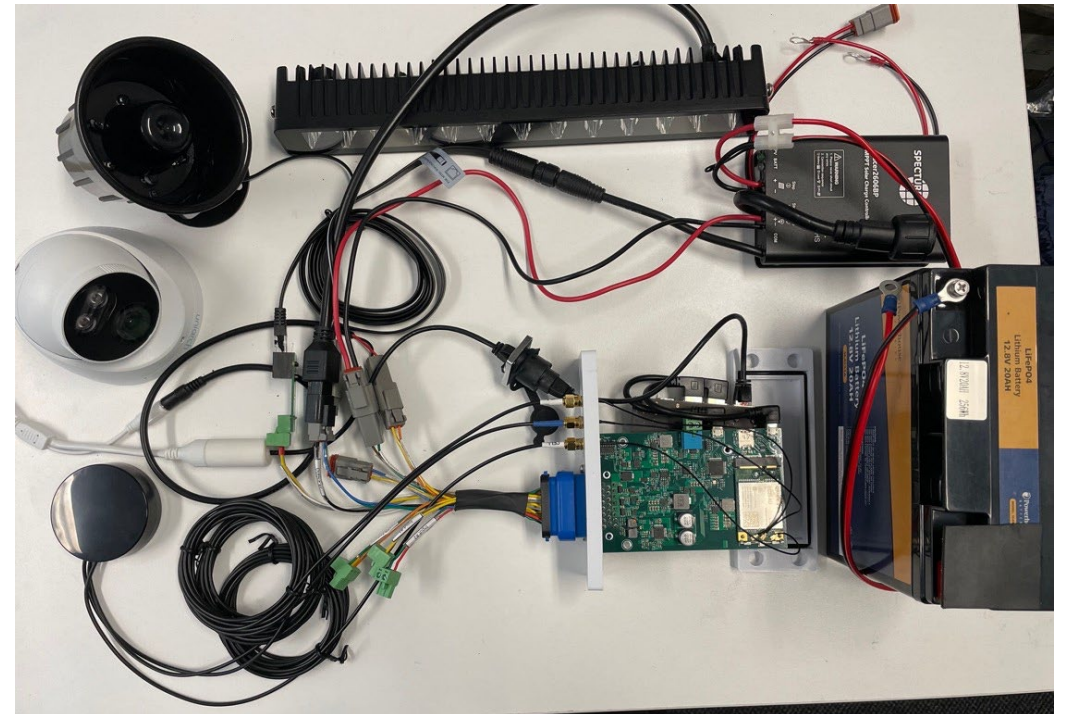
Growth progress - marketing and inventory

Step changes in marketing

- New content-focused digital marketing partner onboarded
- Content volume dramatically increased
 - White paper
 - Case studies
 - Nurture pieces
 - Social media
- Newsletter / EDM launched in November 2022
- .com website established
- New Zealand website integrated and updated
- Bespoke marketing targeted at NZ
- AFAC Conference (Australian) attended
- ISC East and Natural Disasters Expo conferences in US attended
- Multiple domains secured

Core componentry secured

- Components for next generation electronics secured
- De-risked camera sensors with modular design
- Inventory levels up \$361k (30 June to 31 Oct 2022), expected to flatten
- Requirements for mid-cycle re-engineering of hardware reduced





Growth progress - Research and test US expansion

Support and research advanced

- Eligible for Export Market Development Grant (Austrade) (T2, up to \$18k/yr for 2 years)
- Successfully awarded a position on the Austrade US Export Acceleration Program
- Austrade / Ausindustry / Tradestart engaged for support
- November trade show mission complete – very informative trip

Select Findings

- Far greater understanding of US market (business models, competitors, ecosystem, etc)
- A very different market to ANZ, and very attractive
- Spectur beach / warning solution appears unique
- Spectur security / AI platform solutions may have material cost / power / data advantages over local solutions
- **It would be unwise and unnecessary to rush into new markets before we are ready**



Next steps

- Further research, preparation, planning and development of the market entry strategy required prior to scaling outside of ANZ
 - Product readiness: Scalable STA7 / HD6 / Modular Power / Reseller Cloud to all be ready in FY24
 - Investigate long distance push of beach warning solutions from Australia (soft entry)
 - Maintain and build Austrade support and development
- Maintain focus for 2023 on Australian and New Zealand dominance and global ready product
 - “Global ready” product will deliver material benefits in ANZ markets first

Summary



Excellent revenue and sales start to FY23, with healthy pipeline



Expect cash usage to decline



Technology moat remains substantial and may be global



Advancing growth initiatives



Maintaining tight focus



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Contact Us

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