

ASX Announcement | 29 May 2023

## **EGP loan reduced by \$450k and extended by 12 months to December 2024, \$500k placement completed at 2c (last traded price)**

### **Highlights**

- Spectur has negotiated to reduce the EGP Debt Facility from \$1.1m to \$650k (a reduction of \$450k) and extend the expiry date by 12 months to December 31, 2024.
- A \$500k Placement has been conducted at last traded price (2c) among existing top shareholders and staff, to fund the repayment, with the remaining \$50k to be used for working capital purposes.
- Board Chair Darren Cooper has committed to take 6 months' worth of Directors fees in shares at monthly VWAP, subject to shareholder approval at the 2023 Annual General Meeting.
- Reduced interest costs & overheads, and improved margins from new products and infrastructure cost reductions, underpin future growth and performance.
- Strong improvement in New Zealand and South Australia.
- MD Gerard Dyson will hold an online investor briefing this Thursday 1<sup>st</sup> June at 1pm (AEST) where he will discuss this announcement and provide a company update. [Register here or request a replay.](#)

**Monday 29 May 2023:** Solar security, surveillance, warning, environmental monitoring and AI solutions and platforms company Spectur Limited (ASX: SP3) (**Spectur** or the **Company**) is very pleased to announce the restructuring of our existing debt facility with EGP Capital Pty Ltd (**EGP Capital**), reducing the total loan amount to \$650k and extending the repayment date by twelve months to December 31, 2024 (**Debt Facility**).

### **Restructured Debt Facility with EGP Capital**

The restructuring was executed via a Second Variation to the original Loan Facility Agreement and subsequent First Variation, original details of which were communicated in ASX announcements on 27 April 2021 and 5 September 2022. Key terms of the Second Variation are:

- \$650,000 Principal (a \$450,000 reduction from the current \$1.1 million amount)
- Expiry of loan on 31 December 2024 (an extension of 12 months) or at earlier repayment date at Spectur's election.
- Effective interest rate remaining at 10% until 31 December 2023. Interest rate increasing to 13% for the period from 1 January 2024 to repayment.
- Bonus loan forgiveness of \$20,000 should the loan be fully repaid by 30 June 2024. This would reduce the CY24 interest rate from 13% p.a. to ~6.5% p.a. (calculated on a simple interest basis)
- Loan can be converted into Spectur fully paid ordinary shares at the discretion of the Company only, for amounts of up to \$250,000 each calendar quarter.
- Conversion will occur at a 20% discount to the 30-day SP3 VWAP prior to Spectur issuing a conversion notice.

## Placement to Existing s708 Shareholders and Key Management Persons

To preserve adequate working capital and risk buffer, Spectur also received firm commitments to raise \$500,000 via the placement of 25 million new fully paid ordinary shares (**New shares**) at \$0.02 per share (**Placement**). Existing shareholders who are “Sophisticated” or “Professional” investors under the Corporations Act 2001, and key staff (not Directors), including the new Head of Sales and Marketing participated in the Placement.

Placement funds will replace the working capital already used to repay the debt to EGP Capital by \$350,000 (paid on 26 May 2023), with an additional \$100,000 to be used to further pay down the Principal amount to \$650,000 in the near term, reducing future interest costs. The balance of \$50,000 will be added to working capital.

The Placement utilises the Company's existing 10% placement capacity under ASX Listing Rule 7.1A, with 19.2 million shares to be issued under Listing Rule 7.1A, and 5.8 million shares to be issued under the 15% placement capacity under Listing Rule 7.1. Settlement of the Placement is expected to occur on or around 31 May 2023.

The Placement issue price of \$0.02 per share represents a discount of 2.2% to the 15 trading day VWAP of \$0.0204 per share and no discount to SP3's last closing price of \$0.02 per share on 24 May 2023.

The Placement was managed internally by Spectur and no fees will be deducted from this Placement.

## Timetable

An indicative timetable for completion of the Placement is shown below:

Event	Indicative Date
Resume trading on ASX	29 May 2023
Settlement of Placement	31 May 2023
Allotment of Placement Shares	2 June 2023

## Executive commentary

### Spectur Managing Director, Gerard Dyson, said:

*“EGP Capital has proved its long-term support for Spectur via this Debt Facility and as a top 10 shareholder. The extension of this Facility for 12 months under these terms is a great outcome for Spectur. Combined with the Placement and \$450k principal reduction, this removes the uncertainty as to how this Debt Facility would be addressed in December 2023.”*

*“The Board were very mindful of the potential impacts of dilution, particularly given the 20% discount to VWAP if it elected to convert the debt to shares, the recent exits of some larger shareholders and speculation about how the debt would be resolved in late 2023. This combination of a loan extension on favourable commercial terms, combined with a non-dilutive Placement to existing top shareholders strikes the optimum balance of ensuring the Company has an appropriate balance sheet and managing the impacts on our existing shareholders.”*

*“It was also particularly pleasing to see appetite from our recently recruited A&NZ Sales and Marketing Manager to participate in the Placement, demonstrating his confidence in the long-term future of the organisation. We have been working on this transaction for a few weeks, and now that it has been announced, the “trading window” for other staff and Directors to buy on-market will open shortly.”*

## Improved Cost and Margin Performance Expected for H1, FY24

Spectur has been executing a strategy for growth, productivity, margin improvement and increasingly, profitability. In the last 12 months Spectur has:

- Substantially refreshed and re-built the Spectur cloud infrastructure, to suit scale and long-term reliability, including a new “Dev environment”.
- Largely completed the deployment of a new ERP – Microsoft Dynamics – which integrates sales, finance, manufacturing, service and procurement on a single platform. This will underpin the scalability of business systems into the future. With end-to-end testing commencing, the implementation costs associated with this exercise are almost complete.
- Acquired Three Crowns Technologies Pty Ltd (**3CT**). This acquisition brings cost and revenue synergies in addition to a substantial synergistic technology stack and increased depth of talent and capability. Spectur is receiving an additional \$100k of profitable revenue per month from this acquisition and annualised cost savings already exceed \$250k (labour synergies), tending to more than \$500k (with data and other cost savings) over the next 12 months.
- Designed and partially launched a new hardware stack that will completely replace the prior platforms. This includes the STA-Power (released) and the pending HD6 (in advanced testing) and STA7 (moving to prototyping). These systems provide improved performance, reinforce Spectur as a leading industrial brand and drive lower direct costs from manufacturing, componentry, shipping, installation and maintenance. This will underpin improved gross margin for hardware sales, expected from Q1, FY24. These solutions are also protected under registered designs with IP Australia.
- Proven success in the reseller market (our fastest growing sector in FY23) with strong performance from security and hire companies, asset managers and nascent growth in AI companies. A key differentiating factor for resellers is that Spectur uniquely provides a fully integrated solution for sale. Resellers are rarely interested in building their own systems or renting from others. Competitors are mostly rental providers and do not sell.
- Engaged a new Sales and Marketing Manager, tasked with growing the ANZ reseller and adjacent markets. It is expected that these markets will deliver larger hardware sales orders.
- Agreed terms with the debt provider, EGP Capital to reduce our loan to \$650k extended to December 2024 removing the risks associated with requiring capital at this scale and ongoing interest expense.



Figure 1 STA-Power and HD6

Spectur Chair Darren Cooper recently requested, and the Company has agreed, for him to take 100% of his Director fees in Spectur fully paid ordinary shares for the 6 month period from 1 April 2023 to 30 September 2023. The number of shares to be issued will be calculated at the volume-weighted average price for shares traded each month over the period, with shareholder approval to the issue of shares to be sought at the 2023 Annual General Meeting.

Spectur is well positioned to improve gross margin % and EBITDA and reduce cash usage in FY24. Subject to successful execution of the strategic plan, future operating capital requirements are anticipated to be funded from operations. It is planned to demonstrate profitability of the business and underpin

shareholder confidence prior to expanding on any more aggressive growth investment plans that would require further capital injections.

### Sales update

Whilst some larger, expected contracts did not materialize in Q3, they did not leave the sales pipeline and have since been supplemented with additional opportunities. The majority of this pipeline comprises projects as the Spectur pipeline has evolved towards more institutional customers that value the higher performance and service levels that Spectur can uniquely provide.

Since full acquisition and control transferred to Spectur in Q3, a number of sales are expected to close in the next 6 to 9 months. In addition to the construction industry, there has been growing interest from local government and interest in the 3CT coastal management offerings as well.

Spectur entered South Australia in Q2 of this financial year, establishing a full-time presence for the first time. In the last quarter there has been a strong shift in momentum with several larger opportunities appearing with resellers and local government. Several sales are expected to close this financial year, with expanding potential into FY24. South Australia is also shaping to be an excellent hub to support interest from resellers and other customers in the Northern Territory.

### Executive commentary

#### Spectur Managing Director, Gerard Dyson, said:

*"In July and August 2022, Spectur raised capital to finance market expansion, the globalising of our modular technology platform, expansion of our marketing, and the purchase of additional inventory. We have spent the money as planned, and also purchased a strategic and synergistic acquisition (3CT) and the balance of Spectur NZ."*

*"In addition to resolving our longer term supply chain issues through design and stocking, we now have a fully updated, highly effective and modular technology stack, an expanded sales and marketing offering, and material progress in executing our strategy to grow further into the reseller market. We now sit primed to reap the fruits of these labours with constrained overheads driven by productivity improvements, improved gross margins and expanded sales into large markets where we maintain a unique competitive advantage. Taking the debt issue off the table for 19 months and reducing interest cost frees the business to finish the job and move to our first phase of profitability."*

### Join a briefing

Join Spectur MD Gerard Dyson for an online briefing this Thursday 1<sup>st</sup> June at 1pm (AEST) where he will discuss this announcement and provide a company update. [Register here or request a replay.](#)

**Ends.**

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

### For further information, please contact:

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

### **About Spectur Limited**

Spectur Limited (ASX:SP3) is an Australian-based developer and manufacturer of security, surveillance, warning, environmental monitoring and AI solutions and platforms, 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, surveillance, environmental monitoring and AI 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 or satellite technology to a cloud-based platform.

Spectur has nearly 40 employees across Australia and New Zealand, with offices in Brisbane, Sydney, Melbourne, Adelaide, Perth and Auckland. The company services more than 600 active customers with close to 3,000 camera systems currently deployed.

The Company design, codes, manufactures, sells, installs and maintains our hardware and software technology – providing a single point of contact able to configure to suit customer needs.

To learn more, please visit: [www.spectur.com.au](http://www.spectur.com.au)

### **Forward-Looking Information:**

This announcement contains forward-looking information that is based on Spectur's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to Spectur's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, negotiations, and product/service development. Generally, this forward-looking information can be identified using terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that Spectur's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause Spectur's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

