Spectur Limited

Appendix 4E

Preliminary Financial Report - For the year ended 30 June 2023
(Previous corresponding period: Year ended 30 June 2022)

Results for announcement to the market

Spectur Limited	Year ended 30 June 2023 $	Year ended 30 June 2022 $	% Change
Revenue from ordinary activities	7,367,578	5,828,024	⬆ 26%
Loss from ordinary activities after tax	(2,923,065)	(1,908,779)	⬇ (53)%
Net Loss for the period attributable to shareholders	(2,923,065)	(1,908,779)	⬇ (53)%
Adjusted EBITDA from continuing operations [Note 1]	(1,610,019)	(1,485,342)	⬇ (8)%

[Note 1] Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortization and share-based payments. This is an unaudited non-IFRS measure.

Commentary on the results for the year can be found in the Review of Operations and Activities of the accompanying Preliminary Final Report on pages 2 to 7.

Commentary on the above figures is included in the attached Preliminary Final Report for the year ended 30 June 2023.

1. **Statement of Profit and Loss and other comprehensive income**
   Refer to attached Preliminary Final Report page 8.

2. **Statement of financial position**
   Refer to attached Preliminary Final Report page 9.

3. **Statement of cash flows**
   Refer to attached Preliminary Final Report page 11.

4. **Statement of changes in equity / retained earnings**
   Refer to attached Preliminary Final Report page 10.

5. **Dividend payments**
   Refer to attached Preliminary Final Report.
   The Company does not propose to pay any dividends in the current year.

6. **Dividend reinvestment plans**
   The Company does not have a dividend reinvestment plan.

This Appendix 4E Annual Report is provided to the ASX under Listing Rule 4.3 and should be read in conjunction with the accompanying Preliminary Annual Financial Report for the year ended 30 June 2023.

7. Net tangible assets per security

	Current Year (30 June 2023)	Previous Corresponding Year (30 June 2022)
Net Tangible Assets per ordinary share	0.30 cents	0.26 cents

8. Details of entities over which control has been gained or lost

Spectur Limited acquired 100% of the share capital of Three Crowns Technologies Pty Ltd on 17 February 2023. On 17 March 2023 Spectur Limited acquired 49% of the share capital in Spectur New Zealand Limited, adding to the 51% held previously, bringing the total shareholding to 100%. Refer to the review of operations and activities and business combinations in the attached Preliminary Final Report page 5 and 20.

9. Details of Associates and joint ventures

Not applicable

10. Other significant information

Not applicable

11. Foreign entities – Accounting Standards

Not applicable.

12. Results for the period

Refer to the review of operations and activities in the attached Preliminary Final Report page 2.

13. Status of audit

The Preliminary Final Report is based on financial statements that are in the process of being audited.

Spectur Limited

ACN 140 151 579

Preliminary Final Report
30 June 2023

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Review of Operations and Activities
For the year ended 30 June 2023

Spectur Limited is pleased to announce its preliminary financial results for the year ended 30 June 2023.

Principal Activities

The principal activities of the Company during the year were providing security, safety, environmental monitoring and visual AI solutions that contribute to making communities safer, smarter and more sustainable. Spectur develops, manufactures and sells solar-powered and remotely connected hardware, and writes firmware, software, cloud and web apps that enable solutions to be delivered reliably and securely to customers. An in-house customer service team provides warehousing, installation, repair and maintenance services to Spectur customers and resellers. The Company also provides a selection of 3rd party hardware and software to supplement the in-house capabilities.

Operating and Financial Review

Overall Performance

FY23 was a year characterised by organic as well as acquisitive growth. The year began with capital raisings intended to underpin investments that would form the foundation for ongoing profitable growth, including development of our Global Modular Platform and expansion into South Australia. These investments were effectively deployed, including a highly strategic acquisition, positioning the Company well for FY24 and beyond.

Spectur largely renewed the hardware and core elements of its cloud technology stacks, ready for scaling. Sales and revenue also grew substantially in the government and reseller sectors per focussed marketing and outbound sales. The final quarter of the year included a strategic placement to existing shareholders and a renegotiation of the EGP debt facility, reducing the outstanding debt to $650k and extending the term until 31 December 2024.

The Company is well placed for FY24, following a Q4 FY23 of consolidated operating cash usage of only $6k. The ongoing growth in the sales pipeline into FY24 is consistent with the agreed strategic frameworks. It is expected that the investments of FY23 (and earlier years) will be realised in FY24 and beyond as the Company executes its “profitable growth” strategy.

Market Conditions

FY23 was a year where economic conditions were dominated by rising inflation and associated interest rates. Spectur’s focus on government and utilities clients benefited the Company via increased government and utilities spending, whilst our reduced exposure to the residential building market insulated the Company from material margin erosion and increasing competitive pressures.

Other notable events were the ongoing conflict between Russia and Ukraine, general acceptance of COVID-19 in the community and the re-opening of Australia to international travellers. The latter item has led to some increase in the available workforce, but workers in key areas remain in short supply whilst pressure on housing availability only continues, offsetting the interest rate impacts. Through productivity improvements, Spectur has been able to offset some inflationary pressures, and ongoing price review, engineering work and careful component selection has enabled us to mitigate recent supply chain cost increases.

H2 FY23 was also characterised by the “arrival” of generative AI to the public, most notably Chat-GPT and similar technologies. This has increased the awareness of the potential and opportunities associated with AI in the broader community, creating growth in that sector and adjacent sectors. Spectur has seen increased opportunities in partnering or supplying the AI community as it seeks to extend further into the “unwired” environment.

The rush towards implementing AI is expected to continue as the technology evolves at an ever-increasing rate. Spectur seeks to partner with AI companies either as a platform for their end customers or as a provider of AI for Spectur customers. It is expected that this element of the business will grow with these strong market tailwinds.

FY24 is expected to bring a peak in interest rates and inflation, with some likely reductions in rates later in the financial year, potentially alongside recessions in the USA and other countries. Increasing unemployment is already being felt in Australian markets, which will likely flow into crime statistics and demand for security solutions. Spectur continues to push hard into the provision of security solutions direct to business and government customers, and increasingly to resellers or other security providers in the market.

Material Acquisitions

On 17 February 2023, Spectur acquired 3 Crowns Technologies Pty Ltd (3CT) for $876k (including subsequent minor adjustment) comprising of $250k of Spectur shares and $626k of cash. 3CT aligns well with Spectur's focus areas, serving essential sectors such as state and local government and emergency services. 3CT provides a broad range of practical solutions, from smart city applications and coastal monitoring to analytics and disaster management. Its versatile platform can integrate sensor and video data with AI and analytics, delivering useful real-time insights or reports via a customizable web dashboard.

On 17 March 2023, Spectur acquired the remaining 49% share of Spectur New Zealand Limited (SNZ) from Deus Ex Limited for $58k (AUD), also extinguishing any remaining debts between Deus Ex Limited and SNZ. The original Joint Venture (JV) was established in FY21 and was an exceptional low risk / low cost learning platform for other international markets. The JV enabled Spectur to establish and build the business at a time when international travel was not possible, leveraging local New Zealand contacts and knowledge. Through FY23, Spectur progressively assumed control of key functions to deliver a more consistent and repeatable customer experience, and now through full acquisition will benefit from more efficient decision making and associated capital allocation.

Revenue from Operations

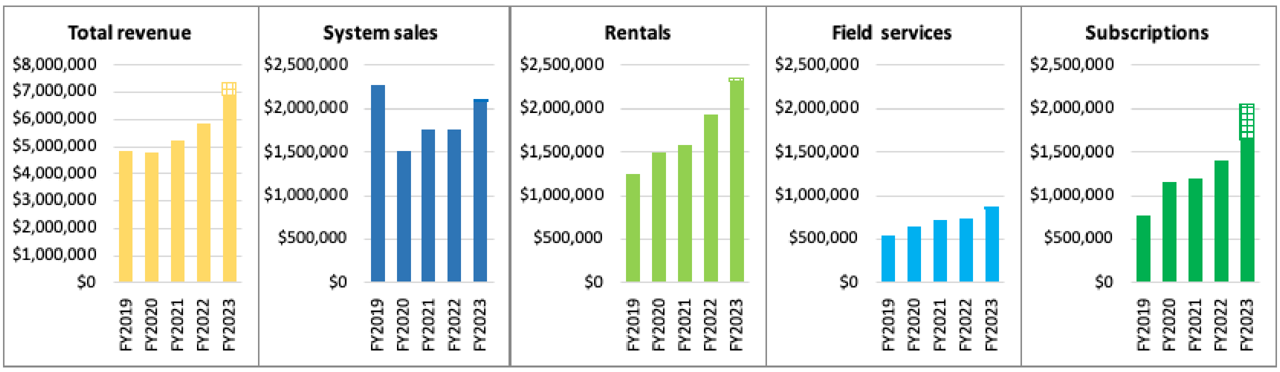
For FY23 Spectur reported consolidated revenue of $7.368 million, up 26% on FY22 of $5.828 million and up 40% on FY21 of $5.249 million. Spectur Limited revenue (pre-consolidation) was $6.900m, up 18% on FY22 of $5.828 million and up 31% on FY21 of $5.249 million. Noting that the consolidated revenue only included 4.4 months of 3CT and 3.5 months of SNZ, it is expected that underlying growth across all entities, consolidated for a full year, will result in increased revenues in FY24 and beyond.

Comparing FY23 in more detail with FY22 provides additional insights to the trends across the four key revenue streams within Spectur and recent acquisitions:

Revenue		FY23 $'000	FY22 $'000	% Increase
System Sales		2,086	1,757	19%
Field Services		850	742	15%
Subscriptions		1,644	1,397	18%
Rentals		2,308	1,932	19%
3CT	(From 17 February 2023)	442	-	-
SNZ	(From 17 March 2023)	38	-	-
Total		**7,368**	**5,828**	**26%**

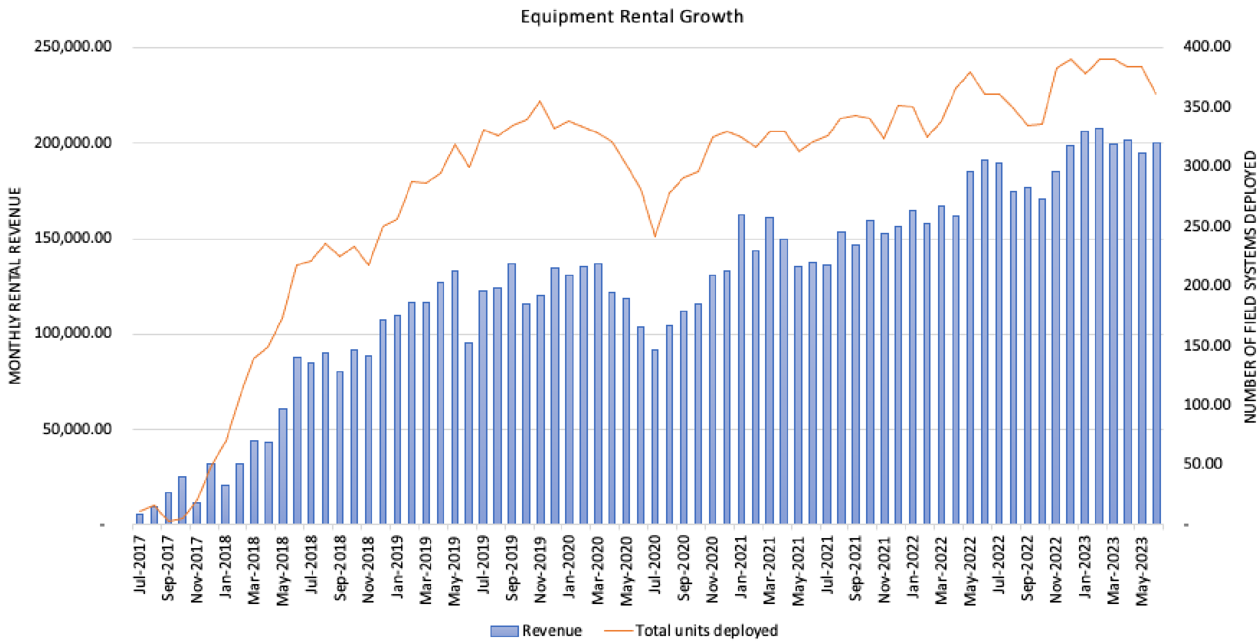
Several larger contracts expected to be awarded in H2 FY23 were deferred and only a small portion of the expected revenues from the Optus contract expansion was realised, leading to a softer half of revenue following the 26% organic growth noted in H1 FY23. Strong growth in subscriptions within Spectur Limited, noting the extensive base that existed in FY22, was due to higher average value subscription contracts as well as overall increases in the numbers of systems that are subscribed.

Currently there are more than 2,300 Spectur systems active, with nearly 3,000 cameras deployed. For some of our advanced, Company-owned systems, up to 5 different applications are running on one platform with 3 different customers subscribing to data and applications.

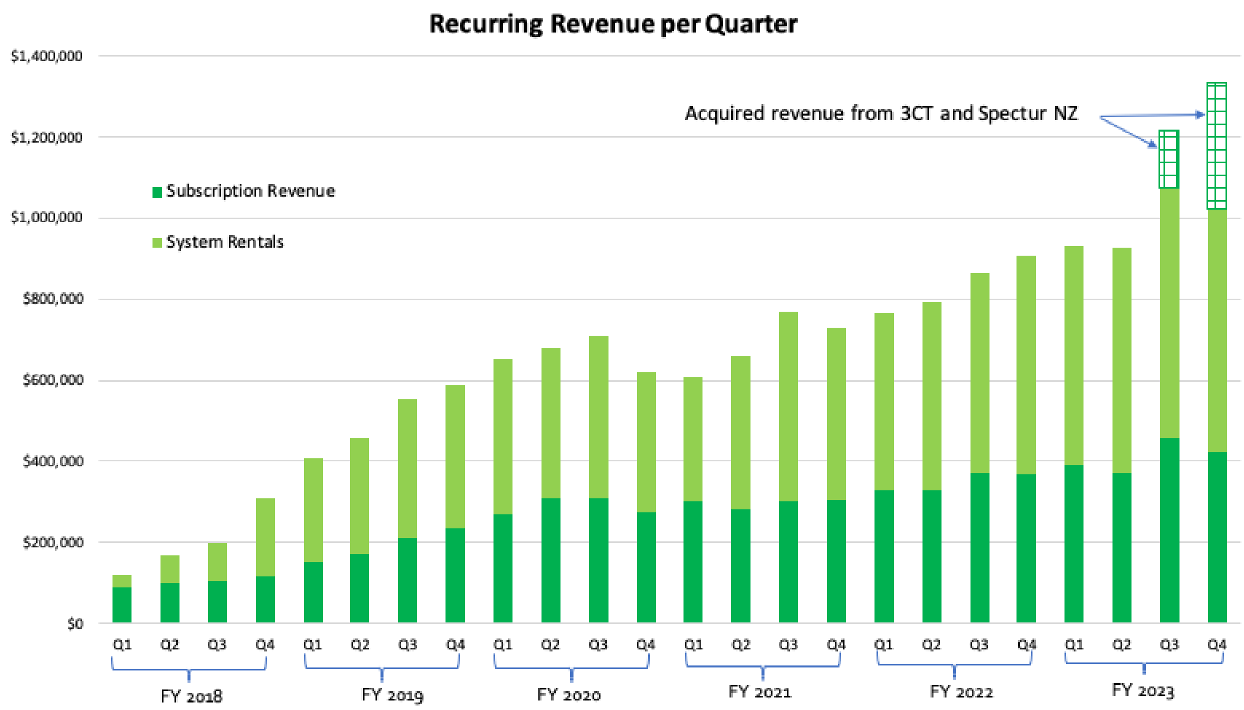


The charts above show the ongoing strong growth of Spectur's recurring revenue streams (Rentals and Subscription) and the impact of the recent 3CT acquisition in particular (3CT and SNZ combined shown as a hashed extension on the FY2023 bars). It is notable that the full year revenues for 3CT were run rating at more than $1.2m/year for the portion of the financial year they were owned by Spectur.

Rental revenue growth rates exceeded unit deployment rates as the proportion of more advanced multi-camera systems displaced earlier, simpler models in the rental fleet. As Spectur increasingly focuses towards government, utility, institutional and reseller customers, the growth rate in the direct-to-customer rental business (mainly construction) is expected to be less than the overall business growth rate.



Full year subscription revenue for Spectur Limited, which included AI services, data plans, storage, server access and monitoring services, was $1.644m. Full year rental revenue for Spectur Limited was $2.308m. The recurring revenue contribution from the 3CT and SNZ acquisitions was $454k for the part year leading to a consolidated full year annual recurring revenue (ARR) of $4.406m. The run rate of ARR, based on Q4 FY23 results, was over $5.3m per annum.



Sales performance

FY23 was characterised by steady broad-based growth in sales rather than singular material contracts. Even the large contract extension from Optus in Q3 FY23 only had a minor impact on revenues for FY23, with most of the revenue now expected in FY24. The nature of the Spectur sales pipeline has shifted with an increasing number of larger opportunities with government, utility, reseller and institutional type customers. Construction opportunities have moved to be more dominated by larger construction alliances for major projects compared with smaller rental contracts with individual builders. This is increasing the average size of contracts and value of customers, improving the ability of the sales team to deliver increasing sales without having to increase at a parallel rate. In many cases, customers are growing in an incremental fashion with multiple (in some cases monthly) orders of systems rather than singular large buying processes.

FY24 is expected to bring a continuation and extension of the current strategic focus. Increasing shift in volumes to resellers, with the security, hire and AI industries being core targets, will be key to increasing the ratio of revenue to sales costs. FY23 investments in product development, sales expertise and establishing our presence on strategic panel contracts will also position Spectur to be more active and successful in state and government tenders. Expansion of our marketing team in Q2 FY24 is expected to further leverage and improve the performance of our sales and marketing group, and the top line.

Cost performance

Gross margin percentages improved substantially in Spectur Limited from 55% to 58%. Consolidated gross margin percentages improved from 55% to 56%, noting lower gross margin percentages in SNZ and 3CT.

The Spectur NZ business model was impacted primarily by scaling issues and some challenges with maintaining and supporting equipment from Australia. The Company has learned substantially from this multi-year experiment, with ongoing improvements expected into FY24.

The 3CT business model is somewhat different to Spectur, almost exclusively (at this time) being based on recurring revenue. Hardware, software, 3rd party costs and much of the labour within the organisation is in the direct costs of the business associated with subscriptions, with only a small residual element of overheads. Fortunately, many of these costs are relatively fixed (up to certain volumes of services) allowing margin improvement to occur with increasing volume.

Gross margin percentages	FY23 $'000	FY22 $'000	% Increase
3CT	30%	-	NA
Spectur NZ	18%	-	NA
Spectur Ltd Equipment sales	47%	42%	14%
Spectur Ltd Field services	24%	12%	107%
Spectur Ltd Equipment rentals	83%	78%	6%
Spectur Ltd Subscriptions	55%	62%	-12%
Consolidated GM %	**56%**	**55%**	**3%**

Within Spectur Ltd, supply chain pressures on componentry, which were exacerbated by earlier hardware designs with limited optionality, had led to some gross margin erosion in FY22 and at the beginning of FY23. This substantially improved as the year progressed with the introduction of the STA6s model upgrade. It is expected that this will continue in FY24 with the new STA-Power, HD6 and STA7 models replacing prior hardware.

Field services margins improved progressively and into FY24 as simpler technology, that is easier to install and more reliable, began to displace earlier technology. These ongoing improvements are also making it easier for resellers and end customers to self-install.

Rental business margin improvements were substantially linked to extended life of the rental fleet. The rental fleet, which has a harder life than most owner-operated systems, was originally estimated to be 3 years. Spectur platforms have demonstrated extraordinary resilience and the rental fleet in some cases is up to 5 years old, improving returns on the original asset costs. Resellers who are seeking to hire Spectur systems in most cases can also return substantial gross margins for highly utilised platforms.

Subscription margins declined in response to growing costs associated with cloud AI hosting and data. Changes in the cloud infrastructure made during the year along with a shift in data providers has led to improvements in margin in FY23 Q4, that are expected to continue to improve through to Q4 of FY24 as they are deployed.

Overall gross margins (in dollar terms) increased across all Spectur Limited revenue streams without the benefit of acquired margin.

As expected and budgeted, Spectur overhead costs increased in FY23 as substantial investments were made in technology, systems, sales and marketing to underpin the next phase of growth. Most of these strategic objectives were achieved in FY23, with the final phases of ERP deployment still to be completed and the STA7 to be deployed later in H1 FY24. These investments allow Spectur to now focus on execution and shifting to more profitable growth, underpinned by growing top line, gross margins and reduced overhead spend.

Adjusted and consolidated EBITDA declined by 9% to a $1.61m loss for FY23 compared to $1.48m loss for FY22. (Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and share-based payments).

Consolidated Expenses (unadjusted)	FY23 $'000	FY22 $'000	% Increase
Finance charges	127	87	45%
Employee and Admin	5,530	4,433	25%
Share-based payments	530	124	326%
Other expenses	1,208	828	46%
Total	**7,395**	**5,472**	**35%**

Finance charges increased in FY23 in response to carrying a larger level of debt ($1.1m) for most of FY23, with the reduction to $650k occurring later in Q4 FY23.

Employee benefits now include additional six employees from acquisitions in addition to organic staff growth in engineering and sales. There were also substantial legal and restructuring costs associated with acquisitions that occurred in FY23 and are considered "one-off".

Share-based payments (non-cash) have increased as the business continues to track towards agreed Service Rights and goals set in the Employee Securities Incentive Plan (to be assessed following FY24 and FY25.

Other expenses include the impairment (non-cash) of $435k of goodwill (all goodwill) from both the 3CT and SNZ acquisitions. As the operations of both businesses are assimilated into the Spectur business, and increasing crossover occurs in both sales and costs, it will become increasingly difficult to distinguish the margins being generated by these acquisitions. Accordingly, the Board has taken a conservative approach in deciding to fully impair the goodwill arising from both acquisitions. It is noted that this approach also removes the requirements for future ongoing assessments and valuations of goodwill for carrying value purposes.

Debt facility utilised

Spectur obtained a $1.5m debt facility from our largest shareholder EGP Capital, in H2, FY21. In Q1 FY23 Spectur renegotiated the facility to a reduced cap of $1.1m, which was the amount drawn at the time, as it was determined no more debt funding would be required. In Q4 FY23 Spectur undertook a placement of $500k to substantially reduce the debt to $650k and extended the term on the balance of the debt to December 2024.

Technology advances

FY23 brought large changes to the technology stack at Spectur. These changes were intended to prepare the Company for scale-improving key features such as reliability, cost, modularity, production efficiency, ease of shipping, installation and use, user experience and more.

In the hardware stack, Spectur introduced a new product range with "STA-Power", a fully integrated solar-battery power supply system that can be easily installed by a single person, with a van or light utility vehicle and no need for cranes or working at heights. This system was designed to be part of a modular suite of power solutions for Spectur platforms and 3rd party technology allowing mixing and matching to suit different uses, geographies and power needs. It has been well received in the market and has opened a new revenue stream in providing power technology (and associated services) for other technology customers.

The HD5 camera system, optimised over many years to be the workhorse, backbone product of Spectur solutions, ended production in Q4 FY23. Remaining final systems are being sold and deployed, with the new HD6 system designed, tested, built and being deployed to Spectur outlets in advance of a Q1 FY24 launch. This new system builds on the lessons learned from HD5 and STA6 models, bringing improved modularity, edge AI, 4K video, 2-way communications and other features that were not previously available on HD5 models.

The STA6-240X model was developed and introduced late in the financial year, in response to demand from existing customers for a robust and flexible powered solution for indoor or heavily shaded locations. Fitting seamlessly into the Spectur ecosystem, the wall-mounted STA6-240X works from 240V power (a 110X model is available for 110V environments) and can support multiple cameras and peripherals either on the body of the system or located up to 100m away.

The STA7 model, in advanced prototyping with the electronics complete and the firmware in final testing, is expected to be released in Q2 FY24, ending the production of the STA6s (expected in Q1 or early Q2 FY24). This new model brings highly modular edge AI for up to 4 cameras and multiple peripherals along with improved power management allowing more performance per watt of sunlight. This system (and the single camera HD6) is ideal for the next generation of Spectur applications as well as gathering data for other 3rd party AI technology customers.

Whilst less visible but no less important, the Spectur cloud infrastructure was largely renewed and upgraded, improving on reliability and underpinning the platform for future growth. With the addition of the 3CT cloud and software stack, Spectur can now manage multiple data streams (not just cameras), integrated with advanced workflow managers (including leveraging AI) and present results, reports and data (and act) in real time through an industry leading user interface. Ongoing design work on the core Spectur user interface is expected to be visible to resellers and ultimately all Spectur customers later in FY24.

The Spectur platforms have made a step change in modularity in FY23. They can now use multiple power sources, many different types of camera and peripherals, deploy an extensive array of AI or advanced algorithmic applications and present this in a very flexible and configurable user interface, or directly into 3rd party software. This makes Spectur extremely agile and able to respond to customer needs quickly, cost effectively and reliably.

FY24 expectations

Investments in FY23 and prior years have laid a foundation for profitable growth. FY24 is a year where the focus is on operational excellence and leveraging the investments made to date for cashflow and profitability improvements. The product market fit for our core solutions is proven, and Spectur is improving efficiency in delivery.

FY24 will bring ongoing outbound focus on the government, utilities, construction and institutional spaces, with particular focus on resellers that support these markets. Current reseller focus is on providers in the security, hire and AI space with initial research ongoing into the wholesaler and online space. It is expected that less capital-intensive and larger scaling will occur through the reseller channels.

Spectur will focus on providing industry leading security and surveillance platforms - platforms that will become the preferred choice for security providers and end customers. Similarly, we expect to continue our push into providing safety and warning solutions for remote locations, building on our currently dominant position in beach safety. Spectur is also actively market testing platform solutions for AI and sensing customers.

Whilst Spectur has existing customers in the USA (via 3CT), international focus will be on bringing Spectur NZ to profitability, along with other new locations such as South Australia. No new full-service geographic expansions (outside of resellers) are expected for FY24.

Spectur has a unique offering that provides a very positive contribution to making our communities safer, more sustainable and smarter. We expect to focus on the areas where we can make the most positive impact, with the most valuable and differentiated offering, as we scale into a large, rapidly growing and ultimately international market.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Continuing Operations			
Revenue	2	7,367,578	5,828,024
Cost of Sales		(3,218,611)	(2,624,964)
Gross profit		4,148,967	3,203,060
Government grants received		18,361	-
Depreciation and amortisation		(313,883)	(320,908)
Employee benefits		(4,301,784)	(3,311,931)
Finance charges		(127,040)	(87,735)
General and administrative expenses		(1,228,619)	(1,121,171)
Impairment of intangible assets	12	(435,225)	-
Inventories written back / (off)		-	13,994
Loss on disposal of property, plant and equipment		(268)	(6,185)
Marketing and advertising		(232,154)	(267,180)
Property expenses		(47,805)	(44,186)
Research and development expenses		(285,451)	(163,571)
Fair Value remeasurement (on acquisition of subsidiary)	12	50,708	-
Reversal of prior period impairment of loan to associate		37,734	-
Share of associate's loss		-	(38,570)
Share-based payment expense		(529,738)	(124,482)
Loss before income tax benefit		**(3,246,197)**	**(2,268,865)**
Income tax benefit		323,132	360,086
Loss for the period		**(2,923,065)**	**(1,908,779)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		1,661	-
Total comprehensive loss for the period		**(2,921,404)**	**(1,908,779)**
Basic loss per share (cents per share)	5	**(1.62)**	**(1.80)**

The accompanying notes form part of these financial statements.

Consolidated statement of financial position
As at 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Assets			
Current Assets			
Cash and cash equivalents		1,522,090	629,613
Trade and other receivables	6	1,317,740	1,322,964
Inventories		1,072,164	649,465
Total Current Assets		**3,911,994**	**2,602,042**
Non-Current Assets			
Property, plant and equipment	7	504,734	470,095
Other receivables	8	128,304	165,668
Intangible assets	9	238,107	96,112
Right-of-use-assets		809,620	273,806
Total Non-Current Assets		**1,680,765**	**1,005,681**
Total Assets		**5,592,759**	**3,607,723**
Liabilities			
Current Liabilities			
Trade and other payables	10	1,470,035	1,326,911
Employee benefits		664,212	440,602
Borrowings	11	6,374	8,584
Lease liability		154,498	166,728
Provisions		132,700	114,300
Total Current Liabilities		**2,427,819**	**2,057,125**
Non-Current Liabilities			
Borrowings	11	724,587	755,700
Lease liability		661,991	117,746
Employee benefits		50,109	33,789
Total Non-Current Liabilities		**1,436,687**	**907,235**
Total Liabilities		**3,864,506**	**2,964,360**
Net Assets		**1,728,253**	**643,363**
Equity			
Issued capital	3	16,109,084	12,565,412
Reserves	4	730,413	266,130
Accumulated losses		(15,111,244)	(12,188,179)
Net Equity		**1,728,253**	**643,363**

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity
For the year ended 30 June 2023

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2022	**12,565,412**	**266,130**	**(12,188,179)**	**643,363**
Loss for the period	-	-	(2,923,065)	(2,923,065)
Other comprehensive income	-	1,661	-	1,661
Total Comprehensive loss for the period	**-**	**1,661**	**(2,923,065)**	**(2,921,404)**
Shares issued during the period	3,864,987			3,864,987
Share issue costs	(321,315)	-	-	(321,315)
Value of expired performance rights written back	-	(8,361)	-	(8,361)
Value of options brought to account during the period	-	28,024	-	28,024
Value of performance rights brought to account during the period	-	381,275	-	381,275
Value of service rights brought to account during the period	-	61,684	-	61,684
Balance as at 30 June 2023	**16,109,084**	**730,413**	**(15,111,244)**	**1,728,253**

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2021	**12,573,174**	**177,772**	**(10,315,524)**	**2,435,422**
Loss for the period	-	-	(1,908,779)	(1,908,779)
Total Comprehensive loss for the period	**-**	**-**	**(1,908,779)**	**(1,908,779)**
Share issue costs	(7,762)	-	-	(7,762)
Value of expired performance rights transferred to accumulated losses	-	(36,124)	36,124	-
Value of options brought to account during the period	-	106,372	-	106,372
Value of performance rights brought to account during the period	-	18,110	-	18,110
Balance as at 30 June 2022	**12,565,412**	**266,130**	**(12,188,179)**	**643,363**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2023

	30 June 2023 $	30 June 2022 $
Cash flows from operating activities		
Receipts from customers	8,384,404	6,570,502
Payments to suppliers and employees	(9,850,384)	(8,067,933)
Interest paid and other finance costs	(102,386)	(87,735)
Other grants received	18,000	-
R & D tax incentives received	288,243	301,450
Net cash used in operating activities	**(1,262,123)**	**(1,283,716)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	24,887
Payments to acquire investments – net of cash acquired	(514,774)	-
Payments for loans to joint venture	(120,135)	(20,002)
Purchase of property, plant and equipment	(176,839)	(319,556)
Net cash used in investing activities	**(811,748)**	**(314,671)**
Cash flow from financing activities		
Proceeds from issue and subscription of shares	3,512,416	-
Payments for share issue costs	(323,158)	(7,763)
Repayment of lease liabilities	(160,874)	(156,721)
Proceeds from borrowings	400,000	769,635
Repayment of borrowings	(462,036)	(65,863)
Net cash from financing activities	**2,966,348**	**539,288**
Net (decrease) / increase in cash and cash equivalents held	892,477	(1,059,099)
Cash and cash equivalents at the beginning of the year	629,613	1,688,712
Cash and cash equivalents at the end of the year	**1,522,090**	**629,613**

The accompanying notes form part of these financial statements.

Note 1: Basis of Preparation

The preliminary final report has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the preliminary final report for the Company. For the purposes of preparing the financial statements, the Company is a for-profit entity.

The preliminary final report does not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as the full financial report. It is recommended the preliminary final report be considered together with any public announcements made by Spectur Limited in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half year, except for the impact of the new Standards and Interpretations described in (b) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis, except for the revaluation of selected non-current assets, financial assets and financial liabilities. Historical cost is based on the fair values of the consideration given in exchange for assets, goods and services.

The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

(a) Statement of Compliance

The preliminary final report was authorised for issue on 31 August 2023.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(b) Adoption of New and Revised Standards

New Standards and Interpretations applicable for the year ended 30 June 2023

For the year ended 30 June 2023, the Directors have reviewed the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company, and therefore no change is necessary to accounting policies.

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to accounting policies.

(c) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Other Notes to the Consolidated Financial Statements

Note 1: Segment Reporting

The Company's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the MD has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being development, manufacture and selling of Remote Solar 3G/4G based deterrence, surveillance and warning systems, and associated products and services.

The revenues and results of this segment are those of the Company as a whole and are set out in the Statement of Profit or Loss and Other Comprehensive Income and the assets and liabilities of the Company as a whole are set out in the Statement of Financial Position.

Note 2: Revenue from Contracts with Customers

Disaggregation of revenue

AASB 134 requires an entity to disclose a disaggregation of revenue from contracts with customers required by paragraphs 114-115 of AASB 15. The Company has elected to disaggregate revenue according to the timing of the transfer of goods and/or services.

The Company derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following major categories.

	30 June 2023 $	30 June 2022 $
At a point in time		
Equipment sales	2,104,556	1,757,358
Field services	856,917	734,910
	2,961,473	**2,492,268**
Over time		
Equipment rentals	2,352,367	1,931,961
Subscription revenue	2,053,738	1,403,795
	4,406,105	**3,335,756**
Total revenue	**7,367,578**	**5,828,024**

Other Notes to the Consolidated Financial Statements

Note 3: Issued Capital

As at 30 June 2023, the Company had the following issued share capital:

	30 June 2023		30 June 2022	
	Number	$	Number	$
Fully paid ordinary shares	**225,784,876**	**16,109,084**	**106,305,280**	**12,565,412**
Movement of issued share capital:				
Balance at beginning of year	106,305,280	12,565,412	106,305,280	12,573,174
Placement at $0.036	83,678,154	3,012,414	-	-
Placement at $0.02	25,000,000	500,000	-	-
Shares issued on acquisition of Three Crowns Technologies Pty Ltd	8,048,678	250,000	-	-
Issue of shares to CEO at $0.039	1,968,037	78,246	-	-
Issue of shares to staff at $0.031	784,727	24,327	-	-
Share issue costs	-	(321,315)	-	(7,762)
Balance at end of period	**225,784,876**	**16,109,084**	**106,305,280**	**12,565,412**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote for each share held on a poll.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

Note 4: Reserves

Nature and purpose of reserves

Options Reserve

This reserve is used to record the value of options subscribed for or provided to employees and consultants.

Performance Rights Reserve

This reserve is used to record the value of performance rights provided to employees, Directors and consultants as part of their remuneration.

Foreign currency translation reserve

This reserve records gains and losses on translations on foreign controlled entities.

At 30 June 2023, the Company had the following reserve accounts:

	30 June 2023		30 June 2022	
	Number	$	Number	$
Options	49,889,035	285,793	6,550,000	257,769
Service rights	7,000,000	61,684	-	-
Performance rights	19,783,061	381,275	10,579,477	8,361
Foreign currency translation reserve	N/A	1,661	-	-
Balance at end of period	**76,672,096**	**730,413**	**17,129,477**	**266,130**

Note 4: Reserves (continued)

OPTIONS RESERVE MOVEMENT

	30 June 2023		30 June 2022	
	Number	$	Number	$
Movement of Company options:				
Balance at beginning of year	6,550,000	257,768	4,300,000	151,396
Options issued to EGP Capital (i)	-	-	2,250,000	89,478
Placement options issued	41,839,035	-	-	-
Options issued to directors	-		-	16,895
Lead manager options	1,500,000	28,025	-	-
Balance at end of period	**49,889,035**	**285,793**	**6,550,000**	**257,769**

(i) Issued to Fundhost Limited in its capacity as responsible entity for the EGP Concentrated Value Fund, pursuant to the terms of the Loan Facility Agreement with EGP Capital.

SERVICE RIGHTS RESERVE MOVEMENT

	30 June 2023		30 June 2022	
	Number	$	Number	$
Movement of issued performance rights:				
Balance at beginning of year	-	-	-	-
Brought to account during the year (i)	7,000,000	61,684	-	-
Balance at end of year	**7,000,000**	**61,684**	**-**	**-**

PERFORMANCE RIGHTS RESERVE MOVEMENT

	30 June 2023		30 June 2022	
	Number	$	Number	$
Movement of issued performance rights:				
Balance at beginning of year	10,579,477	8,361	11,604,153	26,376
Brought to account during the year (i)	24,651,259	381,275	-	18,110
Performance rights cancelled during the year(ii)	(15,447,675)	(8,361)	(1,024,676)	-
Expired performance rights transferred to retained earnings (iii)	-	-	-	(36,125)
Balance at end of year	**19,783,061**	**381,275**	**10,579,477**	**8,361**

(i) Issued to key employees under Spectur's LTI plan.
(ii) Value of performance rights written back due to vesting conditions not anticipated being met and employee cessation.
(iii) Note 2,917,695 performance rights lapsed on 1 July 2022, due to the performance conditions not being met.

Other Notes to the Consolidated Financial Statements

Note 5: Loss per Share

Basic loss per share

	30 June 2023 Cents per share	30 June 2022 Cents per share
Basic loss per share	**(1.62)**	**(1.80)**

Losses

Losses used in the calculation of basic loss per share is as follows:

	30 June 2023 $	30 June 2022 $
Loss for the year	**(2,923,065)**	**(1,908,779)**

Weighted average number of ordinary shares.

The weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

	30 June 2023 Number	30 June 2022 Number
Weighted average number of ordinary shares for the purpose of basic loss per share	**180,789,369**	**106,305,280**

Share options and performance rights are not considered dilutive, as their impact would be to decrease the net loss per share.

Note 6: Trade and Other receivables (Current Assets)

	30 June 2023 $	30 June 2022 $
Trade receivables (i)	926,664	997,604
Allowance for expected credit losses	(31,674)	(31,941)
	894,990	965,663
Prepayments	107,965	78,382
Other	977	-
R&D refund receivable	313,808	278,919
Total	**1,317,740**	**1,322,964**

(i) Trade receivables are non-interest bearing and are generally on terms of 30 days to 60 days. All amounts are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

Other Notes to the Consolidated Financial Statements

Note 7: Property, Plant and Equipment

	Camera equipment $	Leasehold Improve-ments $	Plant and equipment $	Office equipment $	Motor Vehicles $	Total $
Balance at 1 July 2022	313,489	8,789	23,915	23,058	100,844	470,095
Additions	151,284	-	6,603	3,691	-	161,578
Acquired	129,151	-	-	4,924	38,109	172,184
Disposals	(13,388)	-	-	-	-	(13,388)
Depreciation charge for the year	(205,785)	(4,864)	(19,055)	(9,635)	(46,396)	(285,735)
Balance at 30 June 2023	**374,751**	**3,925**	**11,463**	**22,038**	**92,557**	**504,734**
Balance at 1 July 2021	362,044	9,492	40,443	42,719	86,823	541,521
Additions	194,323	3,741	7,896	4,454	72,570	282,984
Disposal	-	-	(5,418)	(5,636)	(17,756)	(28,810)
Depreciation charge for the year	(242,878)	(4,444)	(19,006)	(18,479)	(40,793)	(325,600)
Balance at 30 June 2022	**313,489**	**8,789**	**23,915**	**23,058**	**100,844**	**470,095**

Note 8: Other receivables (Non-current Assets)

	30 June 2023 $	30 June 2022 $
Loans to associates (i)	-	39,074
Deposits – property leases(ii)	21,490	19,780
Deposits – customer contracts(iii)	106,814	106,814
Closing balance	**128,304**	**165,668**

(i) The loan is non-interest bearing and is repayable at the discretion of Spectur Limited.
(ii) Deposits on property leases are refundable upon termination of the lease agreement.
(iii) The customer contract is for 2 years and commenced on 19 November 2021. The security deposit is refundable at the end of the contract period unless extended in response to contract extension.

Other Notes to the Consolidated Financial Statements

Note 9: Intangible Assets

	APNIC Addresses $	Software Development $	Other Intangibles $	Total $
Carrying value				
Cost	-	-	878,013	878,013
Additions	-	8,299	-	8,299
Acquired through business combinations	143,360	84,388	-	227,748
Accumulated amortisation	-	(10,580)	(778,726)	(789,306)
Impairment	-	-	(86,647)	(86,647)
Carrying value as at 30 June 2023	**143,360**	**82,107**	**12,640**	**238,107**
Cost	-		878,013	878,013
Accumulated amortisation	-	-	(695,254)	(695,254)
Impairment	-	-	(86,647)	(86,647)
Carrying value as at 30 June 2022	**-**	**-**	**96,112**	**96,112**
Reconciliation				
Carrying value as at 1 July 2022	-	-	96,112	96,112
Additions	-	8,299	-	8,299
Acquired through business combinations	143,360	84,388	-	227,748
Amortisation	-	(10,580)	(83,472)	(94,052)
Carrying value as at 30 June 2023	**143,360**	**82,107**	**12,640**	**238,107**
Carrying value as at 1 July 2021	-	-	179,589	179,589
Amortisation	-	-	(83,477)	(83,477)
Impairment	-	-	-	-
Carrying value as at 30 June 2022	**-**	**-**	**96,112**	**96,112**

Note 10: Trade and other payables

	30 June 2023 $	30 June 2022 $
Accounts payable [(i)]	350,849	289,946
Accruals	117,573	113,655
ATO & State Governments	217,037	163,888
Unearned revenue	727,387	685,922
Customer pre-payments	57,189	73,500
Total	**1,470,035**	**1,326,911**

[(i)] Trade payables are non-interest bearing and are normally settled on 30-day terms.

Other Notes to the Consolidated Financial Statements

Note 11: Borrowings and other financial liabilities

	30 June 2023 $	30 June 2022 $
Current loans		
Secured loans	6,374	8,584
Total current loans	**6,374**	**8,584**
Non-current loans		
Non-secured loans	650,000	700,000
Secured loans	74,587	55,700
Total non-current loans	**724,587**	**755,700**
Total loans	**730,961**	**764,284**

Secured Loans

These loans are secured by Motor Vehicles. The interest rates on these loans range from 3.40% to 9.85% and interest is repayable within a period of 40 months from the reporting date. Total monthly repayments are $2,037.

Non-Secured Loans

This is a $650k loan facility with EGP Capital. Interest on this loan is 10% on the drawdown amount till December 2023 and increasing to 13% from 1 January 2024. The facility is repayable by 31 December 2024, at the option of the Company, either in cash or by issuing fully paid Spectur Limited ordinary shares. The number of shares to be issued would be based on a 20% discount to the 30-day Volume Weighted Average Price (VWAP) of Spectur Limited shares as trading on the ASX. Spectur can elect to convert a maximum of $250k of shares per quarter. The Company has effectively been granted a put option by EGP Capital, which creates a derivative. The Company has calculated this derivative to be an immaterial amount, therefore the liability has been stated at its face value at balance date.

Note 12: Business combination

On 17 February 2023, Spectur Limited acquired 100% of the issued shares in Three Crown Technologies Pty Ltd (3CT), a software platform provider that supplies intelligent monitoring solutions, for a consideration of $876k. The consideration comprised a cash consideration of $626k and the issue of 8,048,678 Spectur Limited shares ($250k).

On 17 March 2023, Spectur Limited also acquired the remaining 49% shares in Spectur New Zealand Limited (SNZ) from Deus Ex Limited for a cash consideration of $58k. Spectur Limited had previously accounted for its 51% holding as an equity accounted investment as the company was jointly controlled.

Details of the purchase consideration, the net asset value and goodwill are as follows:

Purchase consideration	3CT	SNZ	Total
Cash Paid	625,544	57,510	683,054
Value of Spectur Limited shares issued	250,000	-	250,000
Total purchase consideration	**875,544**	**57,510**	**933,054**

The fair value of the assets, liabilities and goodwill as at acquisition dates were as follows:

	3CT	SNZ	Total
Cash and cash equivalents	157,233	11,047	168,280
Trade receivables and other receivables	317,206	14,474	331,680
Inventories	-	95,382	95,382
Property, plant and equipment	65,768	106,416	172,184
Intangible assets - software	84,388	-	84,388
Intangible assets – APNIC addresses	143,360	-	143,360
Right of use assets	-	146,167	146,167
Trade and other payables	(74,844)	(3,565)	(78,409)
Payable to Spectur Limited	-	(253,390)	(253,390)
Financial liabilities	-	(32,139)	(32,139)
Lease liabilities	-	(148,189)	(148,189)
Employee benefits	(75,515)	(5,264)	(80,779)
Total net identifiable assets / liabilities	**617,598**	**(69,061)**	**548,537**
Fair value remeasurement	-	(50,708)	(50,708)
Total net identifiable assets / liabilities after fair value remeasurement	**617,598**	**(119,769)**	**497,829**
Goodwill recognised	**257,946**	**177,279**	**435,225**

The goodwill was fully impaired as at 30 June 2023. Whilst Spectur is confident that the acquisition will be positive for the group, the impairment of goodwill removes the uncertainties relating to future accounting assessments and valuations.

Purchase consideration – cash outflow

The net cash outflows in the period relating to the acquisitions were $514,774, being the cash considerations of $683,054 less net cash acquired of $168,280.