

## Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 24 October 2023

### Highlights:

- Spectur Group revenue was \$2.063m for Q1 FY24, up 8% on Q4 FY23 revenue of \$1.915m and 25% on Q1 FY23 revenue of \$1.657m.
- Recurring revenue for Q1 FY24 increased to \$1.286m for the Group, down 3% on Q4 FY23 recurring revenue of \$1.330m and up 38% on Q1 FY23 recurring revenue of \$0.933m.
- Group cash reserves at end of Q1 FY23 of \$866k, with post quarter-end receipts resulting in cash at 23 October 2023 of \$1.452m.
- Strong sales performance in Q1 FY24 (\$1.827m), with a record September result of \$940k.
- Final trials of next generation hardware platforms (HD6 and STA7) being concluded prior to release.
- Two new independent Non-Executive Directors engaged to support next phase of growth.
- On track with profit and growth strategy.

MD Gerard Dyson will present these results and related developments in a prepared presentation available on Tuesday 31 October 2023. To lodge questions in advance, view the presentation or lodge questions post review, participate at the [InvestorHub](#).

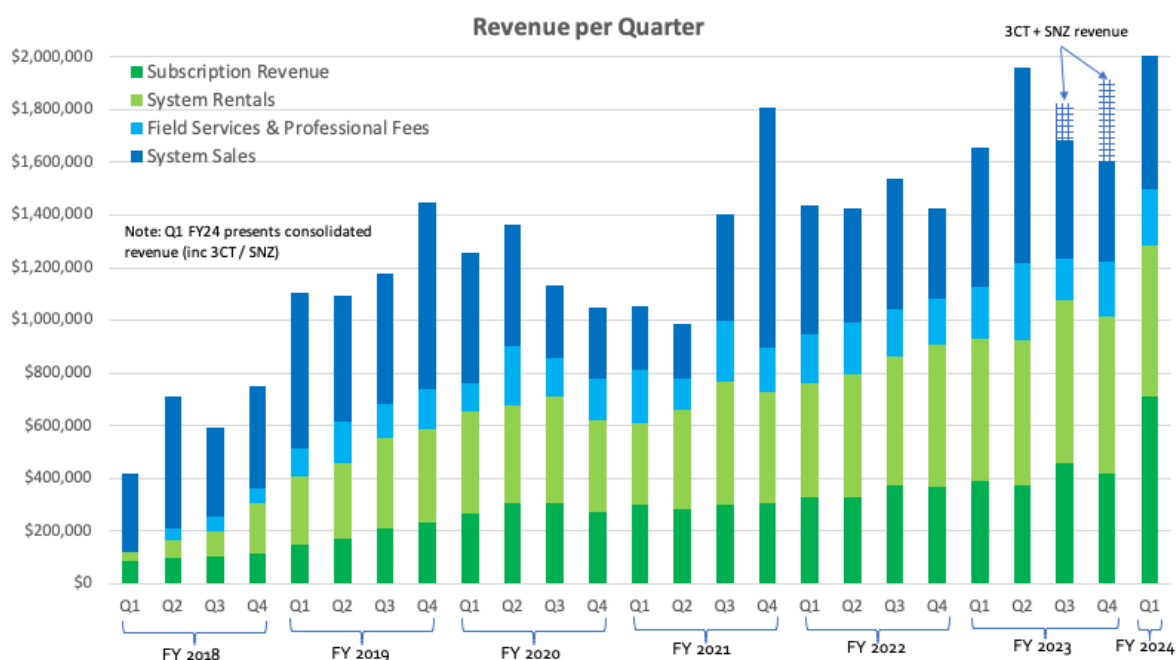
Wireless sensing, thinking and acting solutions and platforms company Spectur Limited (ASX: SP3) (“Spectur” or the “Company”) is pleased to report on its activities for the quarter ended 30 September 2023 (Q1 FY24 or the Quarter).

### Q1 FY24 revenue performance

Spectur Group revenue performance is presented below, comparing Q1 FY24 with the prior quarter and Q1 of FY23.

Revenue	Q1 FY24	Q4 FY23	Q1 FY23
Total Revenue	\$2.062m	\$1.915m	\$1.657m
Recurring Revenue	\$1.286m	\$1.330m	\$0.933m

System sales revenue of \$567k for the Quarter was the highest in 2024 and marginally higher than Q1 FY23 (\$529k). Q1 FY24 recurring revenue was substantially higher than prior quarters, predominantly due to the additional \$294k of recurring revenue from the EnviroComs, CoastalComs, SecureGo, LiveStream and Smart App applications that were acquired in Q3 FY23.



## Cashflow and Cash Balance

Notable elements of the Q1 FY24 cashflows for the Group were:

### Cashflow used in operating activities

\$720k of net operating cash was used by the Group, noting that Q1 historically has the highest level of annual and one-off payments of all the quarters in the financial year. This operating cash consumption was down from Q1 FY23 (\$849k).

Notable elements of operating cashflows include:

- \$2.258m of receipts from all customers in the quarter (a reduction of 8% on Q4 FY23 and an increase of 32% on Q1 FY23).
- Inventory growth (\$142k) during the quarter as Spectur was concluding production runs of STA6 and HD5, whilst ramping up componentry and production of STA7 and HD6 for launch in Q2. Spectur has also added in the STA-Power and STA-240X models, increasing some inventory holding requirements.
- One-off and annual administration, IT and corporate costs including ERP implementation fees, insurance, audit fees, tax consultants and ASX fees of \$346k.

### Cashflow used in investing activities

Investing activities were related to minor plant and rental fleet maintenance and replacement works of \$21k.

### Cashflow from financing activities

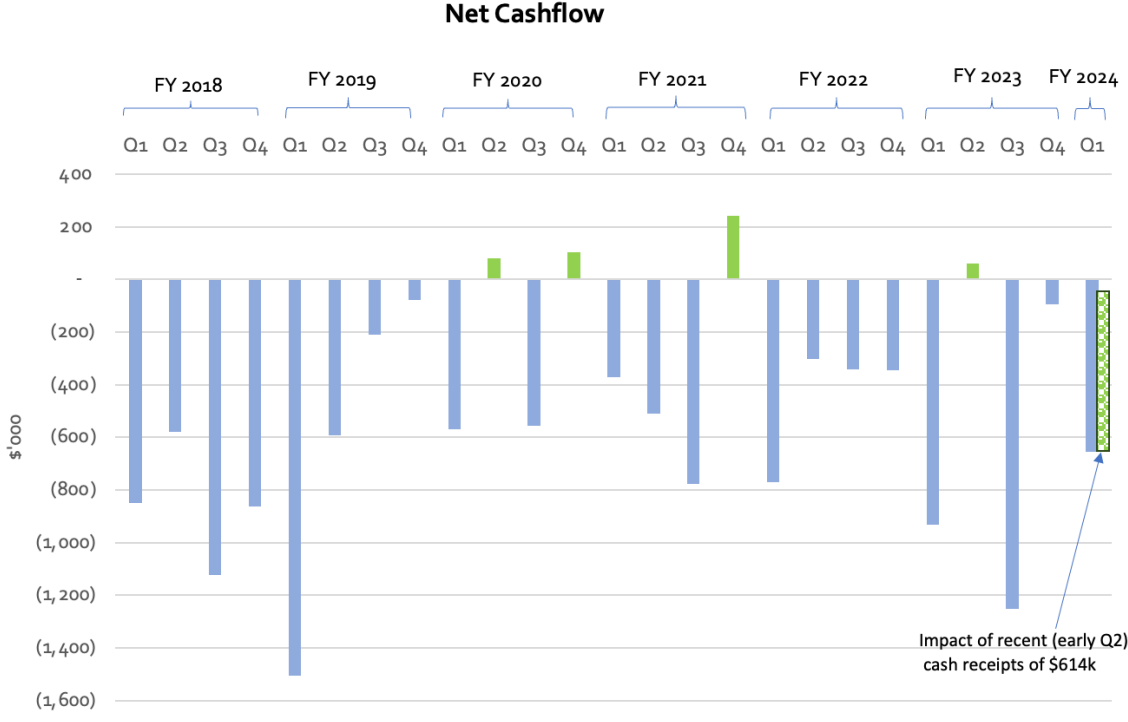
These were limited to interest payments on the EGP Capital debt (principal of \$650k at the end of Q1 FY24), some insurance premium and workers compensation financing (\$170k), and lease payments on company vehicles. Intercompany financing activities (between 3CT, Spectur NZ and Spectur Limited) are removed from consolidated cashflow reporting.

Net cash usage across the Group was \$656k for the quarter with the consolidated cash balance of \$866k at 30 September 2023. It is notable that post the conclusion of the Q1 FY24 quarter, additional operating cash receipts of \$614k were received (remitted on 6 October 2023). If they were received a

week earlier, it would have reduced net operating cash usage to \$106k and overall cash usage for the Quarter to approximately \$42k.

It is noted that at 23 October 2023, the Spectur Group cash balance was \$1.452m, a reduction of \$70k from the start of the financial year, following a quarter with substantial annual and one-off expenses. Spectur expects to collect an R&D tax return of more than \$400k in Q2, further improving the cash balance in the near term, in addition to other operating cash receipts.

The chart below illustrates quarterly net cashflows over time.

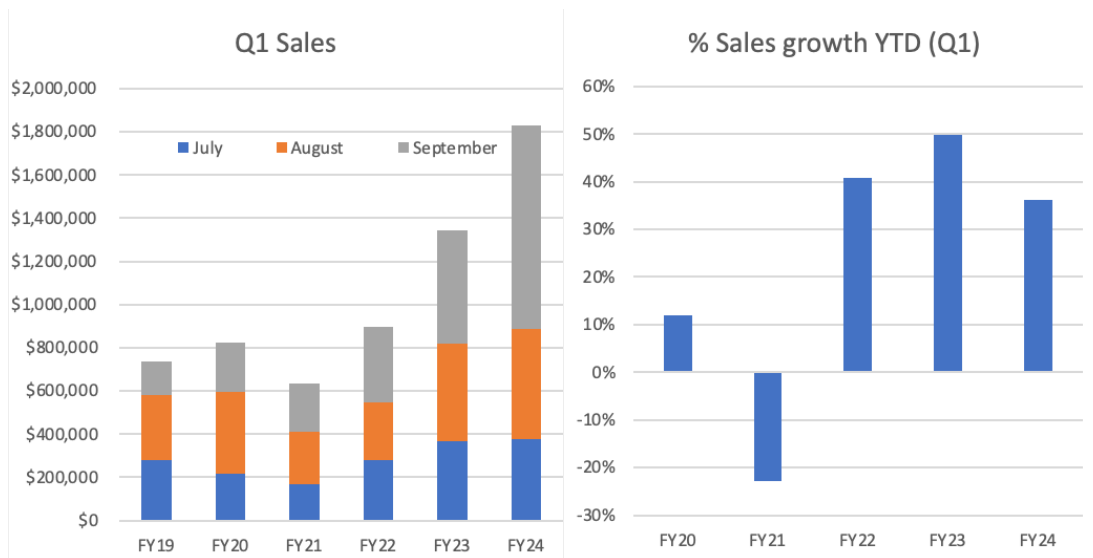


The residual debt balance with EGP capital remained unchanged in Q1 FY24 at \$650k, repayable by 31 December 2024 in cash and/or by the issue of SP3 shares. It is anticipated that this debt will be reduced by \$150k during Q2 FY23 to \$500k using the proceeds from a recent placement to proposed Non-Executive Director Marco da Silva, combined with Company funds (see prior ASX announcement dated 18 October 2023).

**Sales Performance**

Every month of Q1 FY24 set a new sales record, with September sales of \$940k being the largest month in Company history (noting that prior Optus sales announcements were for framework contracts). Q1 FY24 sales performance (\$1.827m) was 36% up on Q1 FY23 sales performance (\$1.341m). More than half of Q1 sales were with reseller customers, reinforcing the success of the current strategic focus. Whilst a portion of the revenue from these sales was recognised in Q1 FY24, a substantial portion is yet to be earned and will be realised in Q2 FY24 and beyond, underpinning future earnings confidence.





A significant portion of these sales were for committed long term annual recurring revenue (ARR) subscriptions with a major reseller customer, Southern Cross Protection (announced separately on 9 October 2023 when advance payment was made).

### Near Term Market Opportunities

Opportunities in the near term are consistent with our published strategy which focusses on the following core sectors:

- Government and Utilities
- Construction
- Resellers (security, hire, AI, asset managers and related)
- Institutional

#### Local and state government sectors

In the last six months, Spectur has pursued multiple tenders, panels and sole sourcing opportunities, marking a step change in application and approach to competitive bidding and focus on government markets. Success with panels has occurred and results from tenders are expected in Q2 FY24.

#### Construction

The construction security market is segmenting into entry level and higher performing categories. Entry level products are largely off-the-shelf items utilising the native applications (sometimes with a re-skin) that can be effective on small, quiet sites. In most cases, these systems are only available for rental. Spectur continues to service this market but commodity, entry-level solutions are not the current focus. In the higher-performing category, customers are seeking multiple cameras and applications, better deterrence, higher reliability and lower false alarms. Spectur can deliver these outcomes more effectively, at lower cost and more reliably than others. This underpins Spectur being a “platform of choice” with larger constructors.

Of note, Spectur is now trialling license plate recognition (LPR) solutions with our existing hardware platforms. Customers can simply elect to add this software feature and Spectur can begin to provide prosecutable evidence suitable for identifying vehicles. This has a range of applications from managing contractor time on site, discouraging and prosecuting antisocial behaviour to stopping illegal dumping.

#### Utilities

Spectur's position as a leading provider of security solutions to major telecommunications and mobile

tower asset owners has been strengthened with the recent addition of new customers. Further sales and rollout of Spectur solutions in this space is anticipated.

#### Resellers - Security

In the security space (excluding trailers), Spectur is the only volume provider of turnkey security solutions for this industry. Providing a complete solution including all hardware, software, installation and maintenance services, enables security providers to focus on their core business. With nearly 3,000 cameras currently deployed, Spectur solutions are optimised for scale, reliability and performance. Spectur currently has several ongoing, active opportunities with a range of security resellers in Australia and New Zealand.

#### Resellers – AI and sensing

Spectur is supplying and has ongoing opportunities providing power, camera, edge AI, sensing and related platform solutions to sensor and AI companies. The provision of a turnkey hardware and scalable, modular, edge and cloud platform enables AI and sensing companies to focus on designing and selling great AI and sensing solutions to their customers. Spectur is providing platforms for sale, rent or lease which are cost effective, available at short notice, can be supported with our ANZ sales and service team and are more reliable than custom-built solutions. This can radically reduce the capital constraints on AI companies, especially when new hardware deployments are required. Combined with our Envirocoms platform for managing sensors and more, Spectur is opening a large accessible “platform” market, with few competitors.

#### Safety and warning

It is expected that committed government grants to relevant not-for-profit entities that operate in this space will lead to future wins in the near term with new and existing customers, cementing our leadership position in the provision of remote emergency response beacons.

### **Strategy and Technology Update**

Spectur is executing a growth strategy intended to build market domination in our existing focus areas and demonstrate profitability and cash generation. Progress against key elements in Q1 FY24 include:

- The Company has expanded the reseller market and outbound focus on core direct-to-customer sectors.
- Spectur has recruited in-house marketing capabilities to support efficient and effective development of target markets.
- Proven product-market-fit with our STA-Power solution for AI and sensor companies.
- Largely completed design and building inventory for the next generation core technology platforms. This will result in a fully refreshed and improved hardware technology stack.
- Advanced design and development of the next generation User Interface (UI) ready for beta testing in October 2023.
- Cash control initiatives for the quarter were successful (see above).

### **Additional Non-Executive Directors**

Spectur announced the proposed engagement of two new Non-Executive Directors (NEDs) on 18 October 2023. This engagement was part of strengthening and deepening the Board capabilities, contacts and experience in areas that will underpin future profitable growth. Key additional avenues of growth being considered include:

- Expanding the reseller initiative and become the platform of choice for the security, AI, hire and related industries
- Opening new verticals into mining, agriculture, energy and other sectors
- Expanding the range of solutions in autonomous and wireless sensing, AI and even robotics, increasing share of wallet with existing and new customers
- Broadening the footprint of Spectur into other geographies through resellers or direct-to-customers.

Making informed choices and executing effectively in our current and future strategies is enhanced with wisdom and proven execution experience. Together, the two new NEDs Marco da Silva and Rhett Morson enhance the board experience in scaling technology / hardware business, understanding the sensing, AI and remote power space, and operating effectively in capital markets to suit.

Two new, highly capable NEDs, both keen to take payment in shares and buy or maintain material holdings, will ensure close alignment with shareholders and the overall business success.

### Executive commentary

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

*“Today, Spectur is in a strong cash position, with a healthy pipeline, reinvigorated technology stack, clear technology moat, aligned and capable team and an effective strategy that we are executing with enthusiasm.”*

*“Spectur has short, medium and long term plans for delivering shareholder value that we are executing on. We appreciate the patience of our longer-term shareholders and anticipate that the results that we will increasingly be reporting will validate that patience.”*

### Investor Briefing

Managing Director Gerard Dyson will be presenting these results and answering questions sent in advance on Tuesday 24 October 2023. Please send any questions in advance to [investors@spectur.com.au](mailto:investors@spectur.com.au) or at this link: <https://investorhub.spectur.com.au/link/7Pljoe>. To view the briefing, sign up and participate in the Spectur [InvestorHub](#).

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

	\$
Salary Paid to Managing Director	84,000
Non-Executive Director Fees Paid	14,000
Superannuation Paid to Directors	<u>11,786</u>
<b>Total Payments to Related Parties</b>	<b>109,786</b>

**Ends.**

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



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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. The Company fully owns the Three Crowns Technologies Limited and Spectur New Zealand Limited entities.

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. The cloud platforms include data ingestors and repositories, workflow managers, reporting tools and AI solutions.

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 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 occur as and when anticipated.

