

Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 22 January 2024

Highlights:

- Spectur Group consolidated revenue was \$2.098m for Q2 FY24, up 2% on Q1 FY24 revenue of \$2.063m and 7% on Q2 FY23 revenue of \$1.957m. H1 FY24 revenue is up 9.3% on H1 FY23 revenue.
- Recurring revenue for Q2 FY24 increased to \$1.316m for the Group, up 2% on Q1 FY24 recurring revenue of \$1.286m and up 42% on Q2 FY23 recurring revenue of \$0.925m.
- Debt with EGP Capital reduced from \$650k to \$250k during Q2 FY24, with a repayment of \$150k in October and \$250k in December 2023. Over the 2023 calendar year, debt with EGP Capital was reduced from \$1.1m to \$250k.
- Consolidated cash reserves at end of Q2 FY24 of \$944k, up 9% on cash reserves at the end of Q1 FY24 of \$866k. If no repayments of principal were made on the EGP Capital debt, then consolidated cash reserves would have been \$1.344m. Cash at 15 January 2024 had increased to \$1.097m.
- Strong sales performance in Q2 FY24 (\$2.319m) up 27% on Q1 FY24 (\$1.827m).
- On track with profit and growth strategy.

MD Gerard Dyson provides some commentary on these results in a short video that can be found at <https://investorhub.spectur.com.au/link/4PKBvR>. Investors are encouraged to lodge questions at the Spectur [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 31 December 2023 (Q2 FY24 or the Quarter).

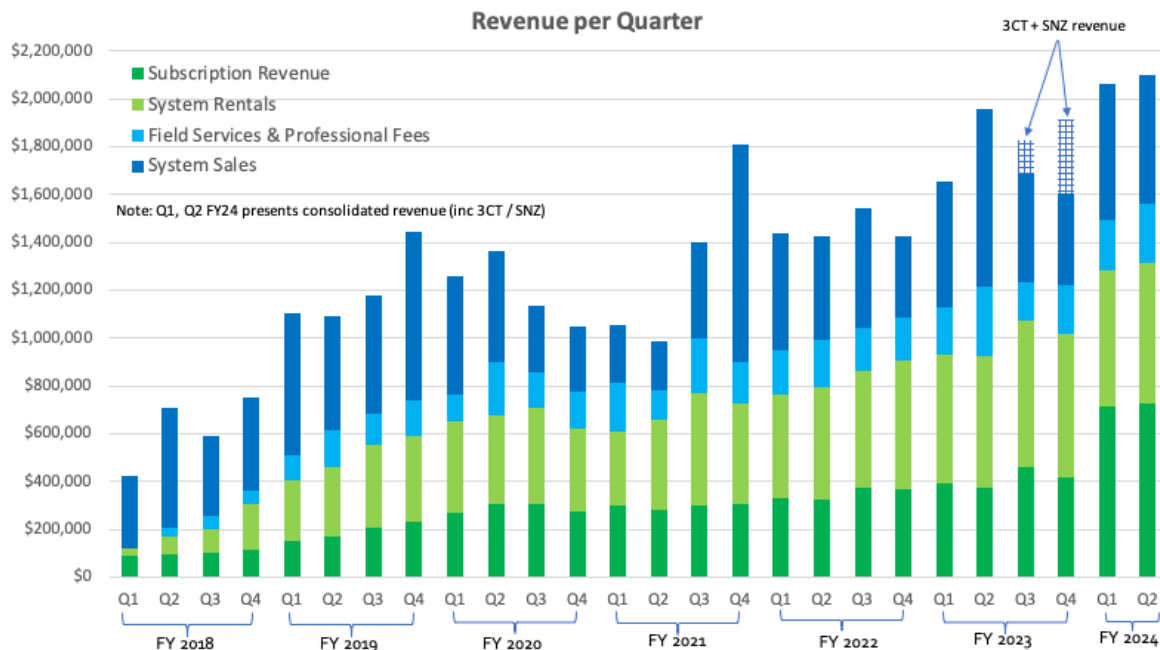
Q2 FY24 revenue performance

Spectur Group consolidated revenue performance is presented below, comparing Q2 FY24 with the prior quarter and Q2 of FY23.

Revenue	Q2 FY24 (Current Quarter)	Q1 FY24 (Prior Quarter)	Q2 FY23 (Prior Financial Year)
Total Revenue	\$2.098m	\$2.063m	\$1.957m
Recurring Revenue	\$1.316m	\$1.286m	\$0.925m

Q2 FY24 recurring revenue continues to grow, making up 63% of overall revenues for Q2 FY24. Q2 FY24 recurring revenue corresponds to an annual run rate of \$5.3m.

December 2023 was the highest revenue month in corporate history for the consolidated group (\$848k) and the second highest for the legacy Spectur entity (\$798k vs \$808k in May 2021). Note that inter-business transactions are removed from consolidated revenue results.



Cashflow and Cash Balance

Cashflow from operating activities

\$519k of net cash was generated by the Group from operations, the highest in company history. This operating cash generation was an improvement on the \$719k of net cash used in Q1 FY24 and translated to a H1 FY24 operating cash consumption of \$200k (also the best Half in company history). It is noted that the \$200k of net operational cash consumption for the half-year was also an improvement on the \$605k of operating cash consumption in H1 FY23.

Notable elements of operating cashflows include:

- \$2.692m of receipts from all customers in the Quarter (an increase of 19% on Q1 FY24 and an increase of 26% on Q2 FY23).
- R&D Tax return of \$440k.
- Substantial project wins, which included some elements of advanced billing for recurring revenue elements. At the end of the Quarter, unearned revenue on the Balance Sheet increased by \$200k compared to the end of Q1 FY24.
- Staff, administration and corporate cash costs for Q2 FY24 (\$1.417m), which included sales commissions on some larger recent sales, were 22% lower than Q1 FY24 (\$1.827m) and only 9% up on Q2 FY23 (\$1.301m), demonstrating ongoing overhead control.

Cashflow from investing activities

Investing activities were related to minor plant and rental fleet maintenance and replacement works of \$19k.

Cashflow from financing activities

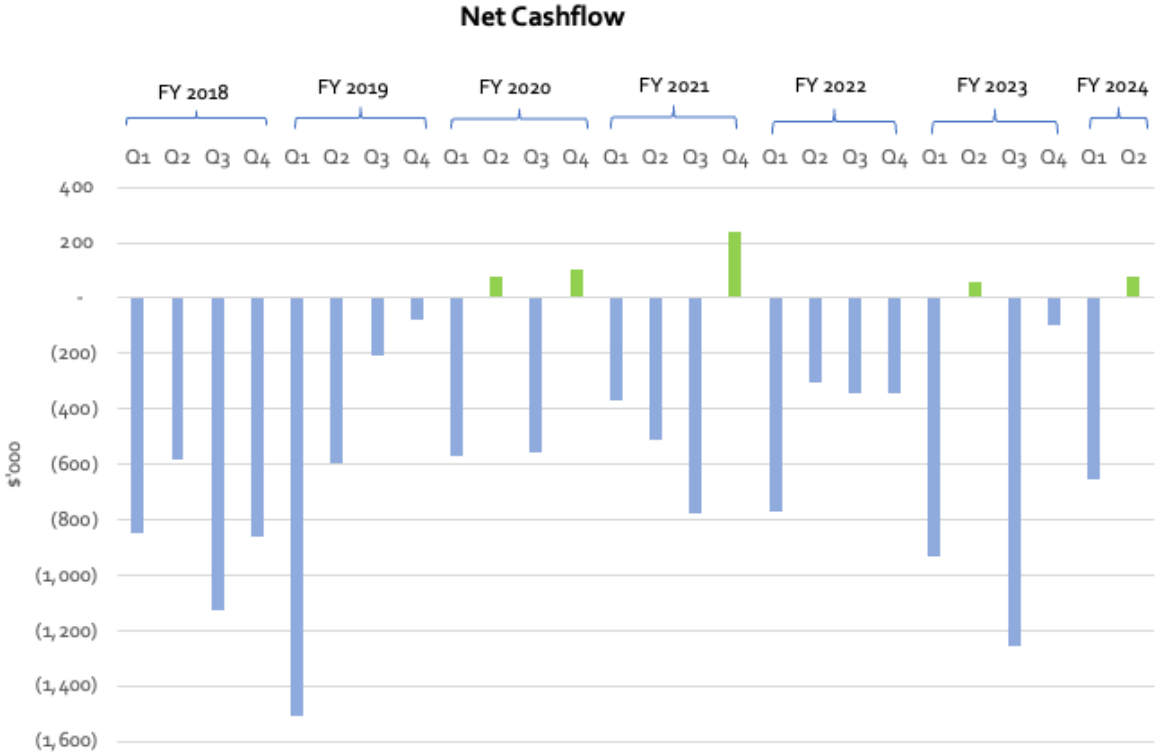
These were primarily limited to principal and interest payments on the EGP Capital debt, with principal

of \$650k at the end of Q1 FY24 reduced to \$250k at the end of Q2 FY24 following repayments of \$150k in October 2023 and \$250k in December 2023. Other minor amounts related to insurance premium financing and lease payments on company vehicles. Total repayment of borrowings during the Quarter were \$459k.

There was also an issue of equity securities during the Quarter to incoming Director Marco Da Silva, contributing \$75k of cash proceeds.

Net cash generation across the Group was \$78k for the Quarter with the consolidated cash balance of \$866k at 30 September 2023 growing to \$944k at 31 December 2023. If no repayments of principal were made on the EGP Capital debt, then consolidated cash reserves would have been \$1.344m. Cash at 15 January 2024 has increased to \$1.097m.

The chart below illustrates quarterly net cashflows over time.



The residual debt balance with EGP capital at the end of the Quarter was \$250k, which falls due on 31 December 2024, unless paid out or converted to ordinary shares (at Spectur’s discretion) at an earlier date.

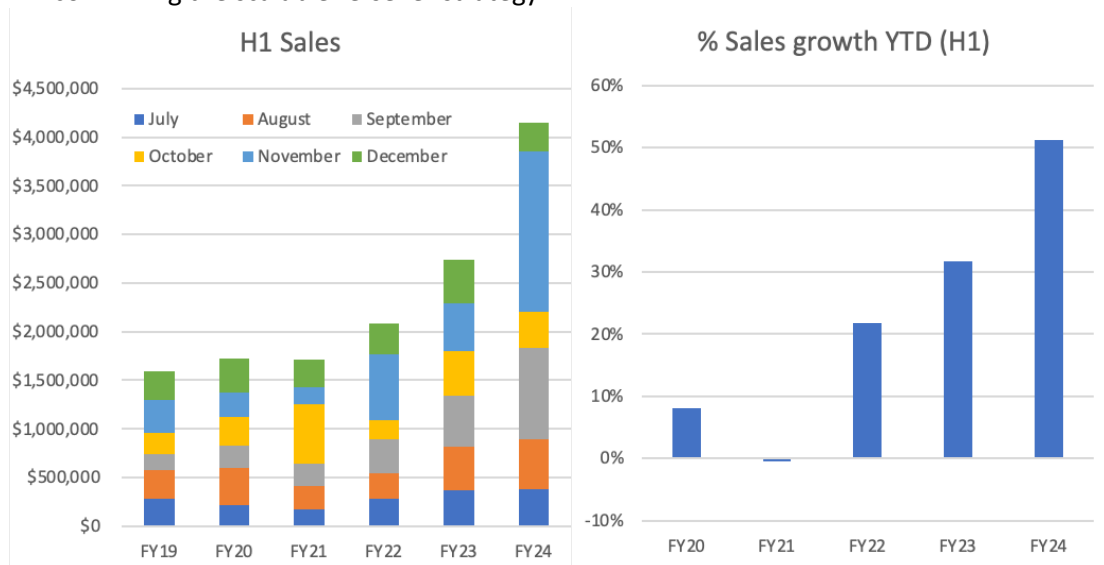
Sales Performance

Q2 FY24 sales performance (\$2.319m) was 27% up on Q1 FY24 sales performance (\$1.827m) and up 66% on Q2 FY23 performance of \$1.400m. Half year sales results of \$4.146m are up 51% on FY23 H1 sales results, underpinning future long term revenue growth. Key highlights for the Quarter include;

- First cloud-based Software as a Service (SaaS) pilot using both Spectur hardware and 3CT technology in place with NSW council
- At the start of Q3 a further \$100k contract has been awarded and is about to commence with a Qld council for a joint Spectur and 3CT technology project
- Previously announced Surf Life Saving NSW 5-year contract award for \$1.2m. This award,

combined with the previously announced Southern Cross Protection 5-year \$614k contract award, provides long-term contracted revenue of a minimum \$1.8m with key target customers, noting both customers continue to expand their fleet outside of these orders

- At the end of H1, \$1.1m of sales were from re-sellers representing 27% of total sales and confirming the scalable re-seller strategy



Near Term Market Opportunities

Spectur continues to see growing opportunities in our core markets of government & utilities, and construction. Increasingly, opportunities with resellers that service core Spectur markets and other segments are increasing. The turnkey, scalable Spectur solution for resellers in the security, sensing and artificial intelligence markets remains relatively unique and has growing traction.

Spectur has increased the sophistication of our offering to the market by incorporating SaaS-only sales on long-term government contracts as well as expanding into long-term 5-year contracts that guarantee forward revenue with large customers. These long-term contracts reinforce the ongoing attractiveness of Spectur's offerings with target customers whilst increasing the scalability of our sales team by removing the need for ongoing negotiations on a project-by-project basis. They also increase our total addressable market by introducing an offering that incorporates hardware, software and increased support and maintenance into an upfront contract amount. These integrated contracts improve cash for Spectur whilst providing our customers with a package that suits their capital spending cycles over operational budget allocations.

Executive commentary

Spectur Managing Director, Gerard Dyson, said:

"While many took a break over the Christmas period, more than 2,000 systems and nearly 3,000 individual cameras within the Spectur ecosystem did not. Spectur provided security, safety, warning, data gathering, platforming and other solutions that helped to make our communities safer, smarter and more sustainable when people, power or wired internet were not available. It was particularly pleasing to note (over the break) the two young people saved from a rip at the Ruins campground near Forster in NSW, through rapid communications and deployment of lifesavers. Spectur makes a positive difference to our communities."

"Spectur also made pleasing and positive strides with financial outcomes this Quarter and half year."

Generating positive operating and net cash this Quarter, at the same time as reducing debt by \$400k and growing revenue, is particularly pleasing. Overall, we reduced our debt from \$1.1m to only \$250k in calendar 2023 whilst also executing two acquisitions (3CT and Spectur NZ). The debt reduction is part of the overall de-risking, balance sheet improving and profit driving strategy that Spectur is executing.”

“Our ongoing focus on controlling costs in overheads and directs is also building a culture of prudence, which will underpin future sustainable profitability. This emphasis on operational excellence combined with a record start to sales for the half year and record revenues in December support future revenues, cash receipts and profitability.”

“We are enthusiastic about the balance of FY24 and calendar year 2024, based on a strong sales pipeline in our strategic focus sectors, financial position and new products in the market (ERB6 / HD6 and pending STA7). Our strategy focused on delivering consistent profitable growth remains unchanged at this time and I look forward to elaborating on this and our profit journey when we release our half year results next month.”

Investor Queries

Managing Director Gerard Dyson presents and narrates these results in a short video accessible at this link: <https://investorhub.spectur.com.au/link/4PKBVr>. To ask questions and make you receive all updates, 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	72,000
Non-Executive Director Fees Paid	17,833
Superannuation Paid to Directors	<u>13,667</u>
Total Payments to Related Parties	103,501

Ends.

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

For further information, please contact:

Spectur Limited

Gerard Dyson – Managing Director

p: 1300 802 960

e: investors@spectur.com.au

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



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

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.

