

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

ASX Announcement | 25 July 2024

### Highlights:

- Full year revenue of \$8.188m up 11% on FY23 revenue of \$7.367m.
- Annual recurring revenue of \$5.205m up 18% on FY23 annual recurring revenue of \$4.406m
- Net operating cash outflow for the Quarter was \$337k, or an outflow of \$94k after reversing out one-off restructuring related costs. Overall, net cash for the business increased by \$11k over the Quarter.
- EGP Capital debt facility now fully repaid.
- Strong sales performance for the financial year of \$6.889m, up 42% (from \$4.847m) in the prior corresponding period (FY23) (PCP).
- Sales momentum has continued into July 2024.
- Shortfall to entitlement offer (\$465k) placed in July 2024, underpinning balance sheet strength.

Investors are encouraged to lodge questions at the Spectur [InvestorHub](#) or at this link:

<https://investorhub.spectur.com.au/link/qy1KEr>

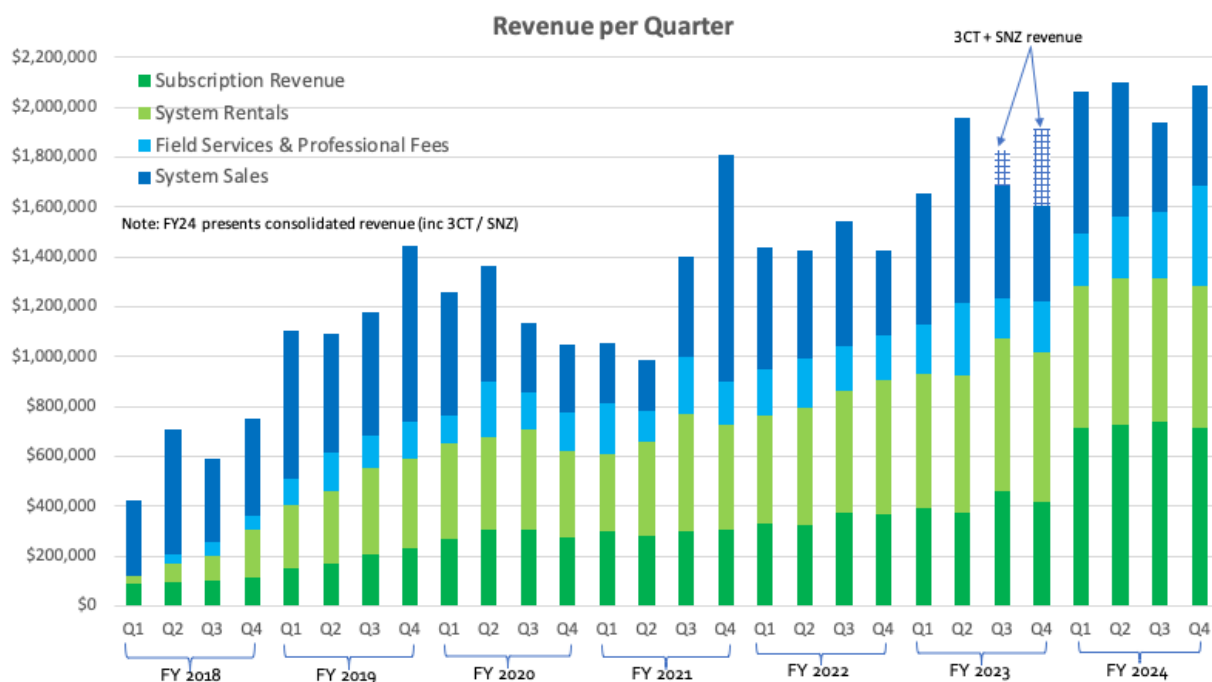
Wireless sensing, thinking and acting solutions and platforms company Spectur Limited (**ASX: SP3**) (“**Spectur**” or the “**Company**”) is pleased to report on its activities for the quarter ended 30 June 2024 (**Q4 FY24** or the **Quarter**).

### Q4 FY24 Revenue Performance

Spectur Group revenue performance is presented below, comparing Q4 FY24 with Q4 of FY23.

Revenue	Q4 FY24	Q4 FY23 (PCP)	FY24	FY23 (PCP)
Total Revenue	\$2.089m	\$1.915m	\$8.188m	\$7.367m
Recurring Revenue	\$1.286m	\$1.330m	\$5.205m	\$4.406m

Recurring revenue continues to grow, making up 62% of overall revenues for Q4 FY24 and 64% of overall revenues for the full year FY24. Recurring revenue has grown from \$4.406m in FY23 to \$5.205m in FY24 noting some decline in rental revenues from the construction sector in H2, which are strongly recovering in July 2024. The growth rate of subscription revenue is expected to increase in FY25 following completion of the sales and operational integration of 3 Crowns Technologies in H2 FY24 and the pipeline of related and adjacent opportunities.



## Quarterly Cashflow and Cash Balance

### Cashflow from operating activities

Cash use from operating activities in Q4 FY24 was larger than underlying performance would suggest due to the substantial restructuring activities that occurred in H2 FY24. Overall operating cash usage for the Quarter was \$337k, however restructuring costs for the Quarter were \$243k, comprising termination payments, notice periods and payout of leave and other entitlements. This resulted in an underlying operational cash usage of only \$94k. Note that it was not until June 2024 that restructuring activities were complete, with the full benefit of associated cost savings being realised from 1 July 2024 onwards.

Notable elements of operating cashflows include:

- \$2.340m of cash receipts from customers in the Quarter.
- Staff cash costs of \$1.269m, down 6% on Q3 FY24 \$1.351m. Note that excluding restructuring costs of \$243k, the underlying staff cost declined by 24%.
- Interest and other costs of finance of \$44k, which are expected to decline substantially in FY25 due to the full repayment of the EGP loan facility.

### Cashflow from investing activities

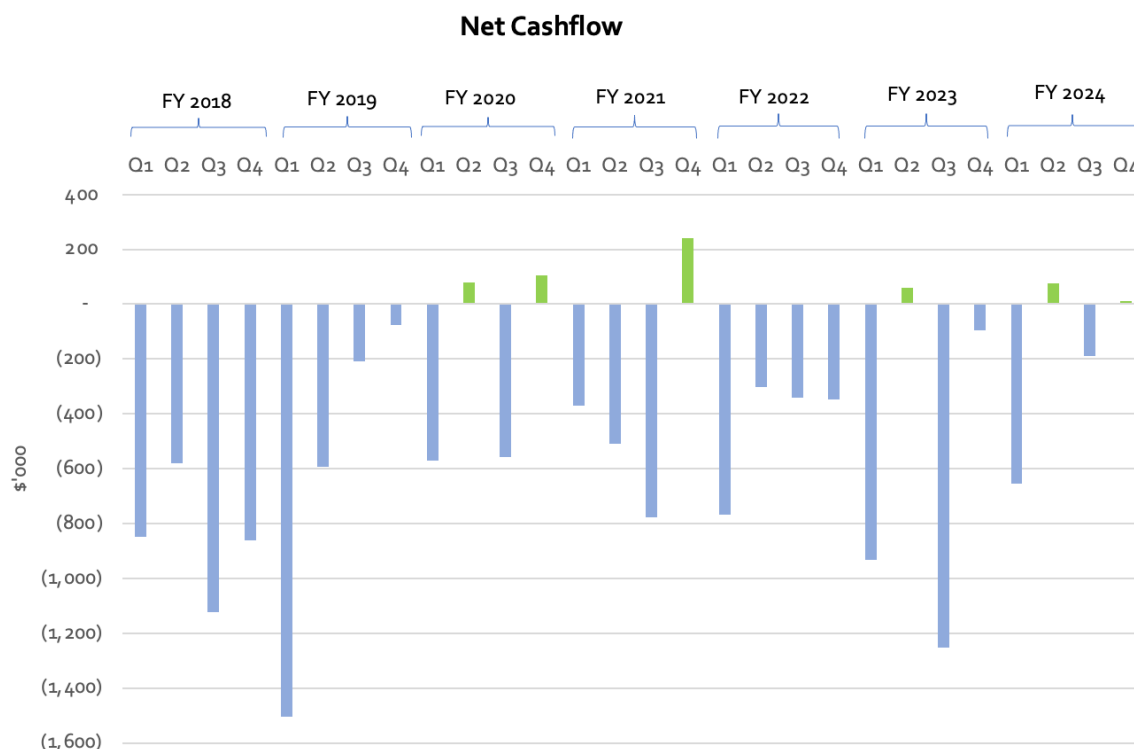
Investing activities were related to minor plant and rental fleet maintenance and replacement works of \$32k.

### Cashflow from financing activities

A placement of \$250k and entitlement offer delivering \$446k (net) was completed in Q4 FY24. Total repayment of borrowings of \$275k predominantly comprised the remainder of the EGP Capital debt, which was otherwise due for repayment in December 2024. Spectur completed the Quarter with no structural debt (i.e. only relatively minor vehicle financing facilities).

Including repayment of lease liabilities, net cash from financing activities in this Quarter was \$380k. Overall, the net cash position across the Group increased by \$11k over the Quarter, concluding with \$765k of cash and cash equivalents.

The chart below illustrates quarterly net cashflows over time.



## Annual Cashflow Review

FY24 marked a change in cash performance, consistent with the corporate strategy of profitable growth. Some key cash-related metrics are shown below:

Metrics for FY24 <sup>1</sup>	Q1	Q2	Q3	Q4	Total
Cash from Operating	(\$720)	\$519	(\$25)	(\$337) <sup>2</sup>	(\$563)
Cash from Investing	(\$21)	(\$19)	(\$63)	(\$32)	(\$136)
Cash from Financing	\$85	(\$422)	(\$102)	\$380	(\$59)
<b>Total Cash generated</b>	<b>(\$656)</b>	<b>\$78</b>	<b>(\$190)</b>	<b>\$11</b>	<b>(\$757)</b>

Note:

1. All numbers in hundreds of thousands of Australian dollars.
2. Includes one-off restructuring costs of \$243k.

Some key items to note during the financial year:

- Debt with EGP Capital was reduced from \$650k to zero.
- A total of \$771k (net of registry fees) was raised as equity.
- A major restructuring was conducted in H2, with restructuring costs totalling \$276k over the period.
- Q4 legal and registry costs associated with the entitlement offer and placement were \$29k.
- Unearned revenue increased from \$727k at 30 June 2023 to \$1,864k at 30 June 2024.

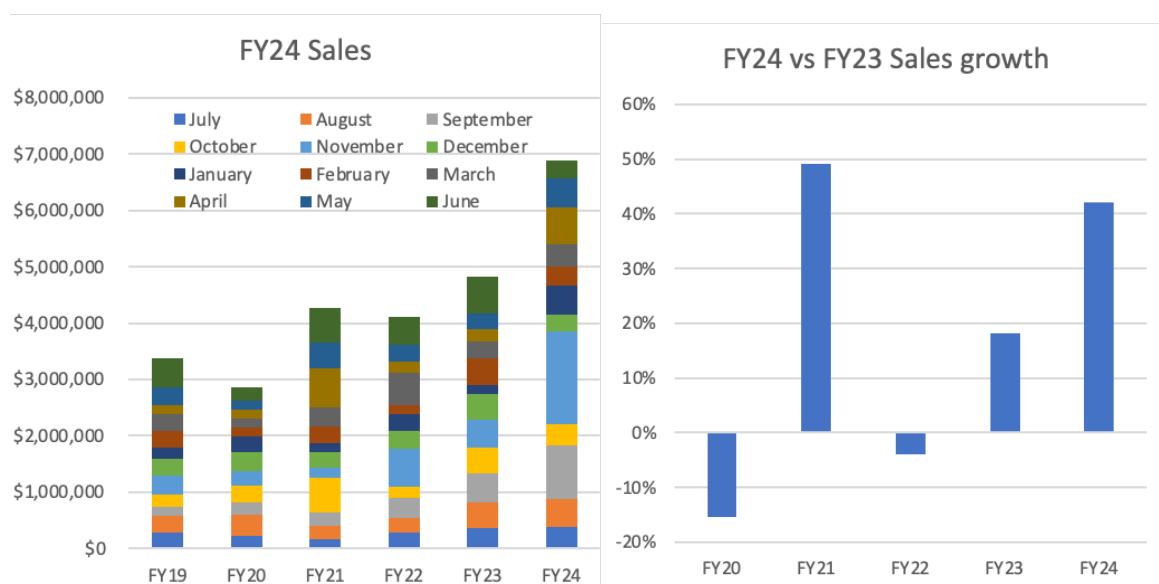
## Sales and Marketing Performance

FY24 sales performance (\$6.889m) was up 42% on FY23 sales (\$4.847m). Q4 FY24 sales of \$1.482m were 29% up on Q4 FY23 sales of \$1.144m. Key highlights for the year include;

- The renewal of all 3CT customers with the majority of these moving from month to month contracts to 3-year terms. This demonstrates the integration's success and is fundamental to

our strategy of increasing long-term recurring revenue.

- The execution of two major contracts - with Southern Cross Protection and Surf-Life Saving NSW - for a combined contract value of over \$1.8m, each over a 5-year period. The ongoing successful delivery of these two major customer contracts underpins future orders as both customers plan expansions to their fleets this financial year.
- The successful onboarding of our first major distribution partner in VSP, one of Australia's leading CCTV distributors. This will allow the Company to leverage the large sales team and network VSP has built across Australia.



### FY25 Sales Outlook and Pipeline

Spectur has a strong forward pipeline which at 30 June 2024 included more than \$18m of unweighted opportunities recorded in the Company CRM, with \$11.5m of these opportunities having a potential contract value greater than \$500k, that are expected to be won, lost, closed or otherwise resolved within the next 12 months.

It is noted that these unweighted and unfactored opportunities are the sum of qualified and quantified sales leads, tenders that are being responded to or have been submitted, proposals or quotations delivered, and verbal commitments to proceed with a proposal that Spectur has presented.

Several of the large opportunities in the sales pipeline have moved forward into clarification stages and are likely to be awarded in Q1.

The Company has also recently delivered the first stage of a large South Australian Government project which has the potential to grow to a \$1M+ contract in the medium term.

A growing number of opportunities in the sales pipeline include complex solutions that utilise Spectur hardware and our Envirocoms and SecureGo software stack (which was part of the 3 Crowns Technologies acquisition in 2023). Spectur has successfully sold a number of these projects in FY24, and a growing percentage of the pipeline includes these solutions. The City of Gold Coast has been an excellent example of this with approximately \$750k of work awarded across multiple 3-year contracts in FY24 including combinations of:

- Spectur emergency response beacons for drowning prevention;
- Spectur SecureGo and Envirocoms cloud platforms to provide advanced video management and analytics; and
- Third party AI solutions.

These hybrid opportunities are higher complexity and therefore higher value & margin, which offsets competitive pressures which have been felt at the bottom end of the security market.

### **Operating Cost Reductions**

Spectur undertook substantial restructuring activities in H2 FY24 in response to technology and productivity improvements, and the integration of 3 Crowns Technologies and Spectur New Zealand earlier in 2023. These steps were largely concluded early in June 2024, coincident with the launch and successful operations of a new Enterprise Resource Planning (ERP) platform. As an indication of savings, the payroll (after PAYG tax) for the consolidated Spectur business was 17% lower for the last period of June 2024, compared with the last period of January 2024.

It is expected that the “reset” cost base of the business, a fully renewed technology stack, substantial recurring revenue and growing sales pipeline will underpin the guidance the Company has provided for FY25.

### **Technology Advances in Q4 and FY24**

Spectur undertook a significant review of its complete motion detection and AI pipeline from Edge to Cloud during Q4. With the release of many new 3<sup>rd</sup> party AI models promising incredible results, the Company took the opportunity to assess potential performance improvements. Despite the promising claims, the new models fell short when considering the full requirements across accuracy, reliability, and efficiency reinforcing confidence in the robustness and effectiveness of the existing Spectur CSIRO-based AI solutions.

FY24 concluded a major cycle of hardware renewal. Core single camera (ERB6 / HD6) and multi-camera (STA7) next generation platforms replaced earlier generation platforms that were 3 to 6 years old. The new Spectur hardware brings improved performance, simplicity, reliability and modularity for customers, enabling a broad range of solutions to be deployed from these platforms cost effectively and easily.

FY24 also saw major changes and upgrades in core cloud infrastructure and software, again enabling greater reliability and expandability of Spectur solutions, which has become more important as the number of connected cameras is approaching 3,000.

FY25 is expected to see an extension of the emphasis on software and cloud, with major upgrades in the User Interface, modular AI and applications and simplified interoperability with 3<sup>rd</sup> parties. All of which will underpin our effort with resellers, integrators and ultimately becoming a platform and partner of choice.

### **Entitlement Offer Shortfall Placed in July 2024**

Following the closure of the Spectur Entitlement Offer on 31<sup>st</sup> May 2024, Spectur placed the remaining shortfall (approximately \$465k) entirely with existing major shareholders, in accordance with the terms of the Prospectus lodged on 6 May 2024.

The Company closed FY24 with \$765k of cash and cash equivalents and no structural debt. Coming into a quarter with historically higher cash consumption due to one-off annual cash costs such as audit fees, tax consultants, insurance and others, filling the shortfall to the Entitlement Offer completes the planned capital raising activities that were envisioned in the Prospectus and provides an appropriate working capital buffer to support the growth expected in FY25.

## Executive commentary

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

*"FY24 was the turning point that will seem more obvious in hindsight. In the last three quarters, Spectur generated a net \$157k of operating cash, cleared all remaining structural debt, renewed the full hardware technology stack and built associated inventory, deployed a new ERP and developed a sales pipeline with more than \$18m of opportunities at 30 June 2024. We are poised for a profitable future, and I am grateful to our exceptional team, board, shareholders and customers for their role in this journey."*

*"We look forward to providing more detail on the performance of FY24 in the pending annual report, however, remain very focussed now on executing our profitable growth strategy and delivering on the commitments that we have made into FY25."*

## Investor Queries

To ask questions and make you receive all updates, sign up and participate in the Spectur [InvestorHub](https://investorhub.spectur.com.au):  
<https://investorhub.spectur.com.au>

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

	\$
Salary Paid to Managing Director	74,880
Non-Executive Director Fees Paid*	-
Superannuation Paid to Directors	<u>13,819</u>
<b>Total Payments to Related Parties</b>	<b>88,699</b>

\*To be settled in equity, subject to shareholder approval.

**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 [InvestorHub](https://investorhub.spectur.com.au).



## **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.

