

## Spectur Limited (ASX:SP3) achieves record results Q4 FY19 generates record quarterly revenue and cash

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### Highlights

- Delivers strongest quarterly revenue to date in Q4 FY19 of \$1.45 million, 23% growth on Q3 FY19.
- Achieved strongest sales results to date in June 2019 of \$627,000
- Cash flow positive months in May and June
- Cash at bank of \$2.16 million as at 8 July 2019

**Monday 15 July 2019: Security systems and cloud-based technology solutions company Spectur Limited (ASX:SP3) ("Spectur" or "the Company")** is pleased to report a record quarter of revenue of \$1.45 million for the three months to the end of June 2019 [Q4 FY19], including its strongest monthly sales performance to date in June 2019 of \$627,000.

The Company's revenue for Q4 FY19 represents a gain of 23% on the previous quarter, leading to full year revenue of more than \$4.8 million, beating earlier guidance. Top line growth has been driven by several large volume sales to repeat customers, and the increasing penetration of higher value deterrence solutions that use thermal imaging technology.

### Increasing recurring revenue improves stability

Spectur is the only material Australian supplier of solar powered deterrence and surveillance solutions that allows customers to buy, rather than rent units. Such outright sales lead to accompanying paid subscriptions including data plans, monitoring and server access. The growing number of such unit sales (more than 1,000 since the Company's ASX listing in August 2017) and rental (in excess of 300) units means recurring revenue is an increasingly material portion of overall revenue.

Q4 revenue from subscriptions and rental sources, which are a growing but relatively stable recurring revenue stream, was \$592,000. Whilst increasing upfront sales of new units are expected to continue to dominate revenue, the higher gross margin and more predictable recurring revenue sources will continue to be a material portion of Spectur's revenue.

### Record quarterly cash performance strengthens balance sheet

Spectur also achieved two cash flow positive months in a row in May and June 2019, contributing to an overall operational cash burn for the quarter of only \$86,000. Along with Tranche 1 of the recent capital raise, this improved cash performance has led to cash at bank of \$2.16 million at 8<sup>th</sup> July 2019. We expect this cash, together with Tranche 2 of the capital raise (expected to conclude in August 2019) and improving operational performance will provide a strong funding base to implement Spectur's ongoing growth strategy.

Operating cash consumption in Q1 of FY20 is expected to slightly increase due to payment of some annual expenses in July and inventory purchases – albeit at a modest amount, associated with the ongoing transition to more capital-efficient levels of inventory from higher levels set in early FY19.

### **Risk mitigation and debt access**

Spectur continues to move towards being cashflow and earnings-positive, whilst maintaining strong top line growth.

Whilst disappointed with Westpac's late withdrawal from its previously indicated debt facility approval, due to the high proportion of advance-billed recurring revenue in the accounts receivable, the strategy of the Company is unaltered. The proposed debt facility was primarily sought to mitigate the funding risk of multiple simultaneous large orders and the Company is considering its options to ensure adequate funding in such circumstances through alternative bank credit sources or on an order-by-order basis as may be required at the time. Spectur has already commenced discussions with alternate providers to ensure suitable access to debt if and when needed.

### **Executive transition retains expertise**

On Monday 1<sup>st</sup> July 2019, Gerard Dyson officially started as Managing Director for Spectur following a smooth transition period in Q4 from outgoing Managing Director, Peter Holton. Peter's experience and expertise will continue in the near term as he assumes a part time Executive General Manager role, reporting to Dr Dyson.

### **Strategic focus for 2020 reflects company evolution**

Spectur is evolving from a security / industrial company into a technology company, focussed on providing security and Internet of Things (IoT) solutions to government and utility customers, initially in Australia.

We will continue to service profitable customers outside Australia, including those via our channel partners in New Zealand and others on a case by case basis. Spectur expects that a focus on building a premium brand, outbound sales targeted at government and utilities customers in a limited geographic region and customer led technology development will lead the Company to positive earnings and cash. Strategic initiatives for FY20 for sales, marketing and product road map have been developed and will be implemented accordingly.

### **Executive commentary**

**Spectur Managing Director Gerard Dyson says:** "I am very pleased with Spectur's excellent fourth quarter results and thank the Board, Peter Holton and the team who have brought the business to this point. We have refocused the Company, built a compelling and achievable strategy and have the capital to implement it. This year we are committed to being transparent, strategic and disciplined as we transition from an industrial start-up to a leading technology company."

**Spectur Chairman Darren Cooper says:** "Spectur continues to build revenue and its brand. With the strengthening of our management team, continued progress towards becoming cashflow positive from operations and a compelling, practical strategy, Spectur is well placed to grow and deliver on our promise."

**Ends.**



**For further information, please contact:**

**Corporate enquiries**

Spectur Limited  
Gerard Dyson  
p: +61 (08) 9414 9059  
e: [investors@spectur.com.au](mailto:investors@spectur.com.au)

**Media enquiries**

The Capital Network  
Julia Maguire  
p: +61 419 815 386  
e: [julia@thecapitalnetwork.com.au](mailto:julia@thecapitalnetwork.com.au)

**About Spectur Limited**

Spectur Limited (ASX:SP3) is an Australian-based company which owns the rights to its innovative hardware and disruptive cloud based IoT and security systems which operate in Australia. The two largest industries that Spectur currently services are the government / utilities sector and the building/construction/civil industry. Spectur's core products are solar powered deterrence and surveillance systems and associated cloud based platform. These systems incorporate cameras, lighting, audible warnings and a hardware IoT platform. The systems are remotely accessed and connected via 3G/4G technology to a cloud based platform. Spectur has also added long distance, 24-hour thermal camera surveillance and off-grid warning systems to complement its existing product base. The Company is implementing a strategic growth plan to build market dominance in the Australian government and utilities sector whilst continuing to grow and service the building/construction/civil industry.

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 actually occur as and when anticipated.

