

Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 28 April 2022

Highlights

- Spectur sets new revenue records as growth continues.
- Unweighted sales pipeline grows to \$6.8m (weighted \$2.8m), underpinning expectations of continuing growth into Q4 FY22 and FY23.
- Globalising of technology platform advancing in anticipation of expanded sales footprint.

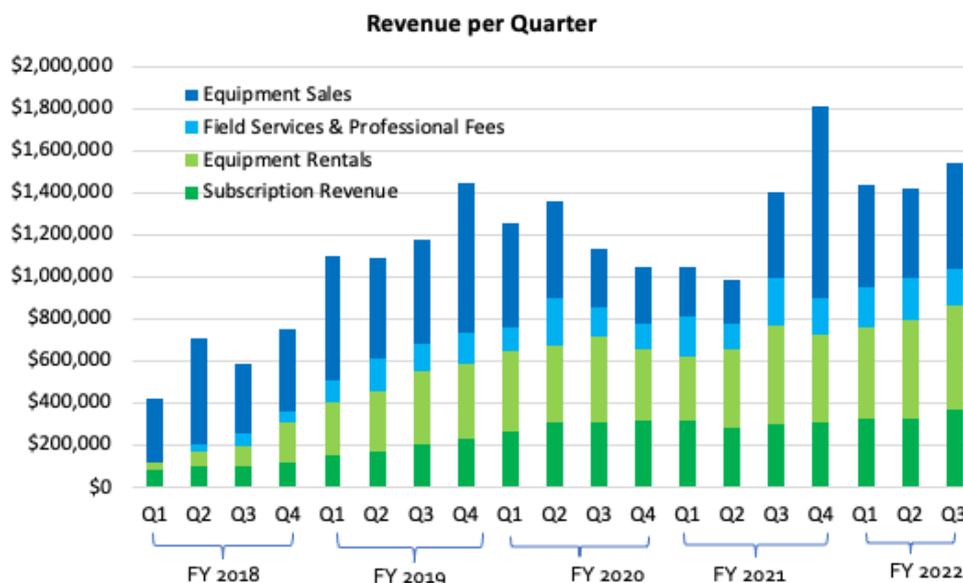
Thursday 28th April 2022: Solar security, sensing and visual AI solutions and platforms company **Spectur Limited (ASX: SP3)** (“Spectur” or the “Company”) is pleased to report on its activities for the quarter ended 31 March 2022.

Record revenue performance

In Q3 FY22, Spectur achieved its best Q3 performance on record and second-best quarter ever, earning revenue of more than \$1.54m with YTD revenue of \$4.40m up 28% on the same time last year (Q3 FY21, \$3.44m). Spectur finished the quarter strongly with a record March revenue of \$663k, 25% up on March 2021 and setting a record for March revenue (and the second highest month ever).

Recurring revenue for the quarter (comprising subscriptions and rentals) set a new quarterly record of \$863k, equivalent to a yearly run rate of \$3.45m. For Q3 FY22, recurring revenue comprised 56% of overall revenues at 68% gross margin. FY22 YTD recurring revenue comprises 55% of overall revenues at 71% gross margin.

Year to date equipment sales of \$1.415m is also up 66% compared to the same period in FY21 (\$853k).



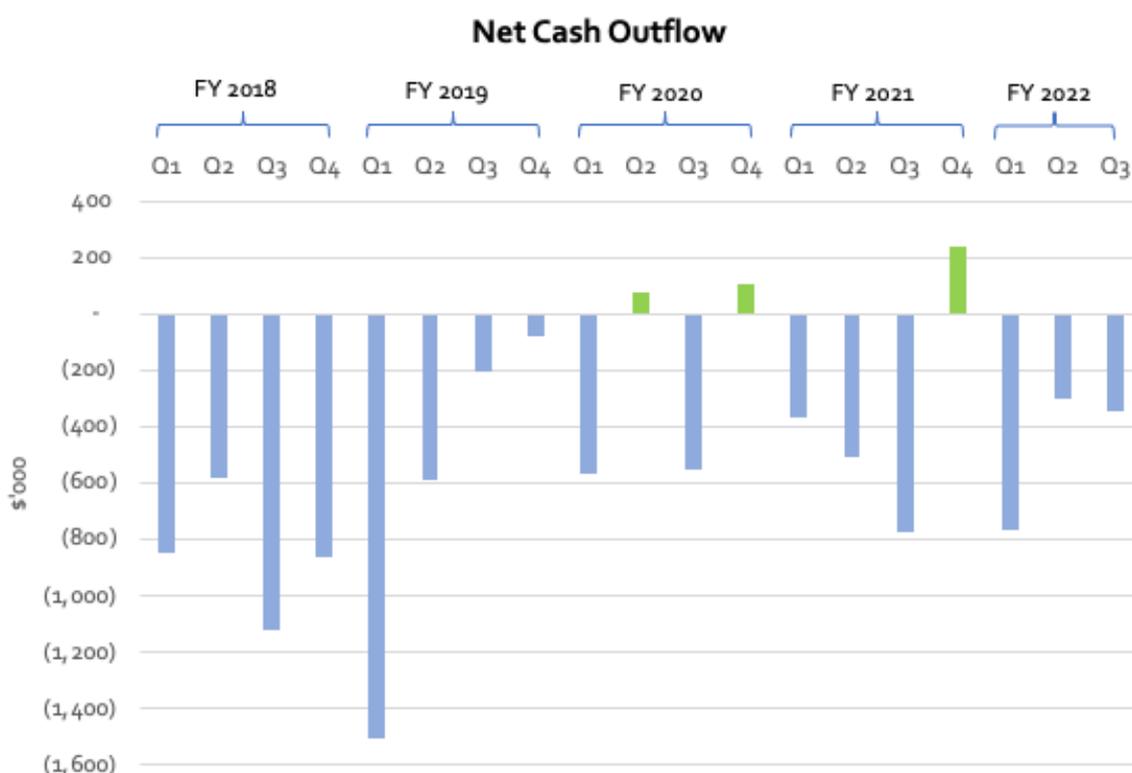
Operating Cashflows and Cash

Net cash outflows from operating activities for the quarter were \$255k. Cash outflows from operating activities continue to decrease from \$2.1m in Q2 2022 to \$1.9m in Q3 2022. Notable elements of Q3 2022 operating outflows were as follows:

- Product manufacturing and operating costs decreased by \$164k, reflecting a take up of some longer-term inventory.
- Staff costs increased by \$118k largely due to an additional pay run in Q3 (compared to Q2).
- Administration costs decreased (\$111k) from the prior quarter as they did not include ERP implementation costs or AGM related costs.

Underlying operating business cash outflows improved by approximately \$200k in Q3 after excluding the net effect of one-off cashflows from Q2 (comprising \$301k inflow of R&D tax incentive and \$107k outflow of customer deposit).

At the end of Q3 FY22, Spectur had drawn \$400k of an available \$1.5m debt facility, with \$1.1m of facility remaining and a cash balance of \$676k, resulting in nearly \$1.8m of accessible cash at the quarter end.



Ongoing growth in sales and residual pipeline along with expanded marketing activities

Spectur's unweighted pipeline of sales opportunities grew to \$6.8m at the end of Q3 FY22 (from \$5.3m at the end of Q2 FY22), with a probability weighted pipeline¹ of \$2.82m up from \$2.08m (36% increase). This growth in sales opportunities quarter on quarter also coincided with the conversion of \$575k of sales in March, demonstrating the ongoing growth potential of future sales and revenues.

¹ The methodology through which Spectur probability-weights its sales pipeline was disclosed via ASX announcement on 30 August 2021.

The current pipeline includes larger prospects related to government, construction and larger, institutional customers as well as more than \$440k of unweighted pipeline from Spectur NZ.

Some sales activities of note in Q3 included:

- Contract award with Ventia Australia for \$139k (mentioned in the Q2 FY22, Appendix 4C ASX announcement),
- Seven additional emergency response beacons to Surf Lifesaving NSW
- Exceeding the milestone of 100 systems installed for Optus
- \$40k with a Queensland local council
- A contract (rental) extension of \$80k with a major industrial customer

In conjunction with the growing sales activity and recognition of the gradual return to normal in travel and trade conditions, Spectur is also planning to participate in three conferences in the near term:

- Sydney Build – June 2022
- Australian Local Government Association – June 2022
- AFAC22 (emergency management) – August 2022
-

Spectur will be present with a booth and exhibits at all three of these conferences, targeted at key markets. It is expected that in conjunction with ongoing and growing digital, print and other marketing activities, brand awareness and sales will continue to increase.

Other strategic progress

In late January, Spectur added an additional salesperson in Queensland to take advantage of growth opportunities in this market. It is expected that this resource will be supplemented with additional hires in South Australia and the Northern Territory in the future.

During Q3 FY22, Spectur also appointed new Chief Technology Officer, Peter Dickinson, to support the Company's ambitious growth plans. Mr Dickinson brings more than two decades of experience in developing and deploying world first remote sensing, monitoring, and control technologies across Australia and around the world.

Peter will be instrumental in leading the globalisation of the Spectur platform, suitable for the future expanded sales footprint. The globalised platform, comprising increasingly modular hardware and software elements, will be compliant with appropriate regional standards, increasingly simple for third parties to assemble and use, and suitable for deployment remotely through a broader range of reseller channels.

The modular power solution, a core element of the globalised platform, has been produced as a prototype and is in optimisation and refined industrial designing phase. STA7 basis of design is largely complete with core hardware and software architecture established.

Over the last nine months, Spectur has also been implementing a new ERP system (Microsoft Dynamics). It is expected that this process will conclude in Q4, providing an integrated platform across sales, finance, payroll, service, rental and back-office systems. The system will introduce substantial efficiencies, automate a number of currently labour-intensive processes, improve the quality and timeliness of operational data, and provide a scalable foundation for future growth.



Executive commentary

Spectur Managing Director, Gerard Dyson, said:

“This recent quarter has seen strong ongoing sales, revenue and team growth as well as substantial advances in our technology, business system and human resources. The foundation that we have been creating has provided recent and ongoing business momentum. It also underpins a step change in revenue through a scalable business that can expand geographically, through additional sales channels, into additional industry sectors and via growing share-of-wallet.”

Corporate Matters

During the quarter there were no equity movements.

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

	\$
Salary paid to Managing Director	80,010
Non-Executive Director fees paid	28,750
Superannuation paid to Directors	9,798
Total payments to related parties	118,558

Ends.

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

For further information, please contact:

Corporate enquiries

Spectur Limited
Gerard Dyson – Managing Director
p: +61 (08) 9414 9059
e: investors@spectur.com.au

To stay up to date on company news and announcements, register your details on the Spectur investor portal: <https://spectur.investorportal.com.au/>

About Spectur Limited

Spectur Limited (ASX:SP3) is an Australian-based developer of security, surveillance and warning solutions 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.

Spectur’s core products are solar powered warning, deterrence and surveillance 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 technology to a cloud-based platform. The offering is complemented by a longer distance, 24-hour thermal camera deterrence solution, suitable for customers with long perimeters.

Spectur is used and trusted by small business to multinationals and the Company is currently implementing a strategic growth plan to build market dominance in the Australian government and utilities sector to meet demand for innovative, remote camera and IoT solutions.

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.

