



Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 15/10/2019

Highlights

- Improved financial performance compared to Q1 FY19 and current forecast: cash receipts +84% year-on-year with materially improved cash flow dynamics
- Strategy implementation commenced with placement funds received in Q1
- Cash at bank of \$2.01 million as at 1 October 2019
- Expecting future positive earnings and operating cash flow
- Experienced director and strategic advisor Bilyana Smith appointed as Non-Executive Director

Tuesday 15 October 2019: Security systems and cloud-based technology solutions company Spectur Limited (ASX:SP3) ("Spectur" or "the Company") is pleased to report on its activities for the quarter ended 30 September 2019.

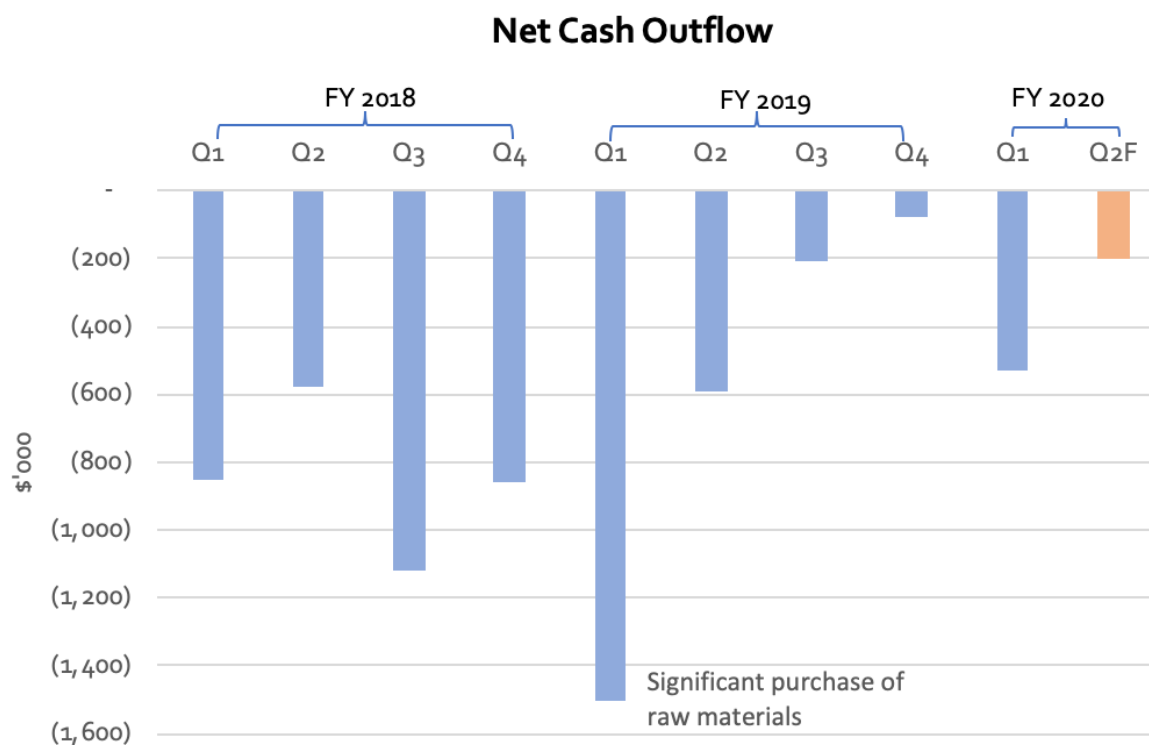
Improved Financial Performance

Spectur has achieved a significant improvement in performance compared to the same period last year and is growing ahead of the Company's internal forecast.

Q1 FY20 achieved revenues of approximately \$1.26 million, with operating receipts for the quarter of \$1.51 million representing an 84% uplift on Q1 FY19 of \$0.82 million, and ahead of Spectur's internal forecast.

The Q1 FY20 EBITDA loss of only \$443k is substantially ahead of budget and reflects both higher than forecast revenues along with strong cost control. The sales pipeline is strengthening as the Company starts to enjoy the impact of the strategic changes in sales tactics, marketing and outbound focus. The Company continues to improve gross margins (up to 60% for Q1 FY20), grow the customer base (expanded to more than 480 active customers and more than 1,800 operating systems) and is actively locking in recurring revenue contracts (\$270k recurring revenue in Q1 FY20) to advance Spectur's progress towards positive earnings and cash.

Spectur had a net operating cash outflow of \$0.53 million for Q1FY20. This represented a 64% reduction from the operating cash outflow for Q1FY19 of \$1.45 million, notwithstanding the Company's current quarter investment in strategic initiatives including an updated marketing strategy, hiring a new sales and marketing manager and materially progressing its R&D roadmap.



Strategy Implementation

In June 2019 Spectur advised of a two-tranche placement to raise approximately \$1.5 million, after costs, which was concluded during Q1 FY20. Funds raised were deployed in the current quarter on Spectur's strategic initiatives which include the development of inbound sales tactics and outbound sales infrastructure, a focused marketing and a customer engagement program, research and development as well as increased investment in inventory for growth. Additional recruiting for sales personnel is expected to continue into Q2 FY20.

Strong Balance Sheet

The recent capital raising has resulted in cash at bank as at 1st October 2019 of \$2.01 million. This is net of annual one-off operational payments of more than \$350k made in July as detailed below:

Payroll Tax	\$177,251
ASX Fees	\$50,238
Annual Insurance Premiums	\$95,871
Audit Fees	\$32,698

Cash consumption is anticipated to be lower in Q2 FY20 in the absence of these annual cash outflows.

Forecast mid-term positive cash and earnings

The Company has maintained a prudent approach to cash control which has improved its cash flow dynamics over the historic and forecast consumption rates.

Spectur forecasts Q2 FY20 operating cash consumption to reduce to less than \$200k, compared to \$583k for Q2 FY19. The Company anticipates near-term financial strengthening by collecting an R&D tax refund expected in Q2 FY20 (as it was in Q2 FY19), resulting in a forecast 1st January 2020 cash balance in excess of \$1.7m. The Company anticipates that it now has a sufficient operational working capital buffer to move to net cash generation and positive earnings in the medium term without any additional capital raising.

Executive commentary

Spectur Managing Director Gerard Dyson said: “We have had a stronger start to the Financial Year than forecast and, whilst there is still much to do, we are optimistic about achieving our key milestones of positive earnings and cash flow in the medium term. Our strategy deployment is progressing according to plan with positive steps in hiring and developing the sales and marketing team, building and implementing the customer outreach program and developing the next generation technology platform that will continue to position us as the premium brand in this space.”

Board Changes

Post quarter-end, experienced company director and strategic advisor Bilyana Smith was appointed as an Independent Non-Executive Director, effective 1 October 2019. Mrs Smith brings to the Board extensive international experience as a company director, CEO and strategic advisor in the technology, marketing and media industries. Based in Sydney, Bilyana’s appointment aligns with Spectur’s east coast expansion strategy.

Current Perth-based Non-Executive Director Andrew Hagen will retire from the Board at the upcoming Annual General Meeting, due to other full-time commitments, and will not stand for re-election.

Corporate

During the quarter, the Company released an updated investor presentation which can be viewed here: <https://www.asx.com.au/asxpdf/20190919/pdf/448nh8cr13fj8l.pdf>

Annual General Meeting to be held at:

Place: Level 1
Allendale Square
77 St Georges Terrace
Perth WA 6000

Time: 1.00pm (WST)

Date: Tuesday 22 October 2019

Ends.



For further information, please contact:

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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

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.

