

Spectur Operational and Activities Outlook

ASX Announcement

Highlights

- Spectur maintains ample cash-at-bank to fund ongoing operations
- Non-operational and non-core costs reduced to protect cash
- Outbound sales strategy on track
- Development of new technology platform remains on track for Q1 FY2021 release
- Uncertain economic & social environment emphasise security & remote-sensing, and support underlying corporate strategy
- Managing Director Gerard Dyson has purchased additional shares

Wednesday 18 March 2020: Security systems and cloud-based technology solutions company Spectur Limited (ASX:SP3) ("Spectur" or "the Company") confirms it maintains ample cash-at-bank and sufficient cash inflows to support ongoing operations. Spectur expects that it will be able to assist in the current dynamic economic and social environment caused by the COVID-19 situation, by improving security and providing innovative solutions and anticipates that it will not materially impact the Company's products and growth strategy.

Managing Director Gerard Dyson has also acquired a total of 293,300 shares on market on 13 and 16 March 2020.

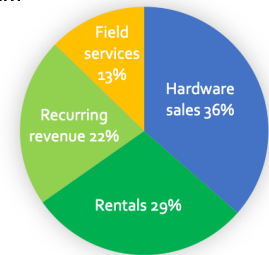
Risk Assessment of Market Conditions

Spectur regularly reviews the Company's risk posture for changes in the internal and external environment. A formal extended risk review has been undertaken with particular focus on a range of scenarios related to the impacts of COVID-19 on staff, suppliers and customers, considering likelihood and consequence.

Spectur maintains five sales and support offices across Australia and, outside of installation and manufacturing, is well positioned for remote working. Closure of its offices for a period of time would not have a material impact on performance. A stock of finished goods is on hand sufficient to allow a pause in manufacturing for a number of weeks (if needed) and installation of our remote solar systems is inherently an isolated outdoor event not likely to be subject to restriction.

Management will be taking all measures to mitigate any impact on operations. It is noted from our recent half year results that 51% of all revenues are collected from the highest margin revenue streams (recurring revenue and rental revenue accounting for 59% of gross margins), with the remaining 36% coming from hardware sales; and field services limited to 13%.

Revenue H1 FY20
\$2.62m



On this basis and noting that churn remains at less than 2% per month, any revenue fluctuations in the medium term would likely be limited to hardware sales with associated field services installation costs.

A series of conservative financial model scenarios were reviewed assessing a range of revenue profiles over the next 12 months. In all modelled scenarios, the Company's cash balance remained comfortably positive.

In addition, the Company has implemented a range of prudent cost reduction and cash preservation initiatives, which include the pausing, delay or material reduction of discretionary expenditure including:

- travel;
- conferences and exhibitions;
- consultant support costs;
- Board costs;
- management system updates; and
- other costs which do not impact the outbound sales growth strategy or development of Spectur's new technology platform.

Unless trading conditions deteriorate significantly from the current scenario, there are no cost reductions planned for the sales team, the development of marketing collateral or the conclusion of the first phase of development of the new STA6 platform (in time for first installations in July 2020).

It is expected that these initiatives will underpin the growth of the Company in the medium to longer term.

Based on proposed actions and modelling, Spectur has sufficient funds to implement the current strategy.

Sales Strategy On Track

Spectur has successfully onboarded three new outbound focused sales people in NSW, Victoria and Western Australia in the last month. This recruiting, a key element of the outbound sales initiative, has taken longer than planned (originally scheduled for H1), however excellent candidates with strong target industry contacts have been recently secured and it is expected that improved sales will be forthcoming.

Next Generation Technology Platform Well Advanced

The STA6 platform is well advanced in development and it was intended to show the new hardware at the Spectur stand within Sydney Build Expo on 19 and 20 March, 2020 – however that event was recently cancelled.

The first extended run of manufacturing of the STA6 is expected in April, ready for beta testing internally and with select customers prior to formal launch on 1st July 2020. This strategic technology investment remains on schedule and on budget.

The new technology platform will substantially improve performance, features and benefits in the security and surveillance applications as well as provide a range of other solutions leveraging edge-based artificial intelligence and a gateway for IoT sensors. It underpins the transformation of Spectur from a solar security camera company to a genuine technology company with an exponentially larger market potential.



Economic Conditions May Favor Spectur Technology

In the near term, with the threat of potential worksite and business closures (short and medium term), the need for autonomous security has only increased. Spectur systems can operate autonomously as a deterrent, record crime in action and focus limited security or guard resources for rapid response. It is expected that crime may well increase in the current uncertain and dynamic environment. A significant increase in rental demand for Spectur solutions has been noted in the first two weeks of March.

Managing Director Dr Gerard Dyson said “We have reviewed the market conditions and made some short-term decisions that we believe will improve our resilience in the medium term without impacting our growth prospects. Should market conditions markedly improve or deteriorate from our current base case, we have additional discretionary spend that we are able to deploy or reduce to suit. We have a clear strategy and a plan to be successful throughout these challenging times and ample cash at bank.”

“Improvements in operational effectiveness and an increasing culture of prudence has meant that we do not need to raise cash in this environment, or the foreseeable future. We look forward to substantial improvements in performance with improving market conditions, our new technology platform and fully onboarded and implemented outbound sales strategy in H1 of FY2021. Pending the state of the market, this may also present opportunities for accelerated growth which we may embrace from a much stronger financial position.”

Ends.

This ASX announcement was approved by the Board of Spectur Limited

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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 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 actually occur as and when anticipated.

