

Spectur Operational and Activities Outlook

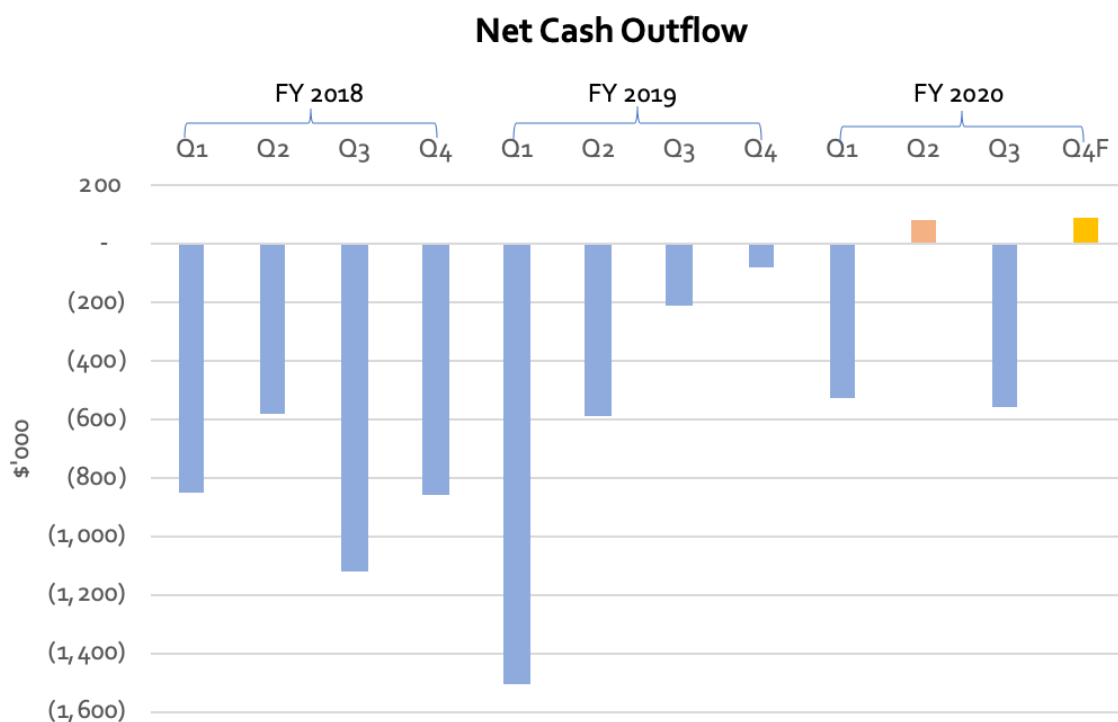
ASX Announcement | 2 July 2020

Highlights

- Spectur generates positive cash flow in Q4 FY20, entering FY21 with \$1.618m in cash and no bank debt
- Revenues are recovering from early COVID-19 impacts, with strengthening forward demand indicators
- New technology platform (STA6) developed and available for sale
- Collaboration agreement signed with CSIRO Data 61 for AI services
- MOU signed with New Zealand channel partner Deus Ex
- Additional outbound sales executive hired in NSW

Thursday 2 July 2020: Security systems and cloud-based technology solutions company Spectur Limited (ASX: SP3) ("Spectur" or "the Company") confirms positive cash flow in Q4 FY20.

The Company's cash reserves at the close of FY20 was \$1.618m, following a net quarterly cash inflow of \$87k. Noting that cashflow was strengthened by some government support, the Company substantially reduced its underlying quarterly cash consumption from \$532k in Q3 to \$100k in Q4. This corresponds to an average of \$33k/month, an improvement of \$144k/month over the \$177k/month in the prior period. This increase reflects a gradual improvement in sales and revenues from March 2020, reduction in the R&D and recruiting investments of Q3 and the impacts of substantial cost reductions, the positive impact of which will continue in Q1 FY21 through further reductions in leasing costs.



Revenues recovering from low point in March 2020

Spectur revenues in Q3 FY20 at \$1.13m were down on expectations due to a slower than usual recovery from Christmas and cautious customer decision-making in the COVID19 environment. Q4 revenues are expected to be approximately \$1.05m, down further on Q3, but showing an increase in underlying sales throughout the period.

Indicative of this performance is the doubling of monthly hardware sales from March to June, with a steadily increasing pipeline. Underpinning the resilience of the revenues was a stream of recurring revenue (approximately \$275k for Q4) and rental revenue (approximately \$340k for Q4) that together make up nearly 60% of Q4 revenue.

The Company is also aware of an increase in proposed building starts activity as a result of government stimulus initiatives targeted at the construction sector and anticipates demand from this sector increasing in the second half of CY20.

New STA6 platform launching in July 2020

After nearly a year of development, the first models of the STA6 platform are now in active field trials, ready for first deliveries later in July 2020. The STA6 has a number of new and enhanced features that provide market leading performance in security, surveillance and warning applications. This product launch establishes the foundation for an expanding and future-proof array of other applications which the Company plans to offer to new and existing customers.

Some highlights and key differentiators for the STA6 include:

- Exceptional vision in ultra-low light and at long range.
- Up to 360° vision (in STA6 Pro form) without blind spots.
- Speakers and microphones for fully programmable autonomous spoken messages or two-way audio.
- Ability to host remote sensors via LoRaWAN (in STA6 XS form).
- Ability to run visual artificial intelligence solutions on the edge (in the field hardware) and in the cloud, improving speed and reducing data costs.
- Fully programmable hardware and software platform allows customisation, updates, expansion and other future-proofing ensuring long-term value for customers.
- Easily integrated with 3rd party video management systems, artificial intelligence applications and sensors.

Moving to an open platform dramatically increases the usage potential for the STA6.

- Pre-installed solutions for security, surveillance, warning and time-lapse, with potential to remotely deploy additional solutions as they are developed, increasing SaaS revenues.
- Security applications use edge and cloud-based artificial intelligence to dramatically reduce false alarms for users and the nearby community.
- All Spectur platforms continue to be designed, coded and manufactured in Australia, with all data stored in local cloud applications.

The STA6 sets a new benchmark for functional performance in current applications and opens up multiple new avenues for growth in other applications and sensors.



New technology collaboration agreement with CSIRO Data 61

Spectur is pleased to announce a long-term Collaboration Agreement with CSIRO's Data61, the data science and technology arm of the national science agency to provide edge and cloud-based AI development services.

This Collaboration Agreement forms the foundation for a suite of expanded AI applications that can be deployed on the STA6 (and in some cases the HD5) platform. CSIRO's Data61 will develop a range of AI applications and the modular deployment to the STA6 (for edge applications) and the cloud (for web-based applications).

Key sales executive recruited

Spectur is pleased to announce the recruitment of a new Sales Executive focused on the NSW Government and Utility markets, starting on 1 July 2020.

Spectur has evolved the sales team to have an exciting blend of expertise in security, IoT sensing and visual AI applications in addition to extended networks in the government and utilities, building & construction sectors.

Given the potential of the new STA6 platform as a sensing and visual AI hub, this sales team is well placed to take Spectur's compelling offer to customers.

New Zealand channel partner announced

Spectur is pleased to announce the signing of a Memorandum of Understanding with Deus Ex Ltd (Deus Ex). Deus Ex is a highly regarded systems integrator in the New Zealand (NZ) market, with a network across the country and relationships with a number of related security companies.

The MOU and pending trials of the STA6 platform are expected to lead to a more substantive reseller agreement in the NZ market for Spectur solutions.

Executive commentary

Spectur Managing Director, Gerard Dyson, said:

"FY21 is going to be an exciting year for Spectur with a number of new expansion avenues that, together, we expect will drive rapid top-line growth.

We have largely concluded the recruiting and development of our outbound sales team. Our new website and digital marketing platform is well advanced and expected to be progressively deployed in the next 2 months. Spectur has an exciting new product platform, with improved functional performance as well as an expanding range of applications. We are advancing a number of channel partner opportunities in and out of Australia."

Ends.

This ASX announcement was approved for release 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.

