

Spectur Limited (ASX:SP3) Sales and Pipeline Update

ASX Announcement | 24/11/2020

Highlights

- Spectur closes \$614k of predominantly longer-term and higher margin contracts in October 2020
- Recent sales and rentals demonstrate success of Spectur's newly launched STA6 model in target markets
- Spectur's pipeline of high-quality customers in target sectors is growing and spans utilities, government, resource, agriculture and aged care.

Tuesday 24 November 2020: Solar security, sensing and visual AI solutions and platforms company Spectur Limited (ASX: SP3) (**Spectur** or the **Company**) is pleased to provide an update on the progress of the Company's sales and product rollout initiatives in FY21.

Spectur closes \$614k of contracts in October 2020

In October 2020, Spectur closed \$614,413 of new contracts. These contracts included the sale of 25 Spectur STA6 and HD5 platforms, and the rental of 46 platforms delivering associated field services and recurring revenue.

Approximately three quarters of the contract value added in October relates to longer term rental contracts, which have higher gross margin returns compared with hardware sales.

The Company notes that rental and sales revenue is recognised from the time of installation, introducing a lag between contract conclusion, revenue recognition and cash collection.

Recent sales and rentals demonstrate product refresh success

Spectur launched the STA6 security and sensing platform in July of 2020. After initial smaller production runs to optimize performance, the Company has driven substantial STA6 update in Q2 FY21 with target customers of this premium platform. The existing HD5 product also remains popular with customers, delivering ongoing sales and rentals growth.

Some recent contracts wins involving the STA6 or key target customers have included:

- Rental of an additional 6 STA6 cameras to Certis in NSW taking their total fleet to 42.
- 2 HD5 purchases by a major telecom provider, following an extended period of trialling, with additional purchases expected to follow.
- 2 STA6 systems for an agriculture security customer in Officer, Victoria
- 5 STA6 systems for a future wind farm utility in Victoria
- 2 STA6 systems for a storage yard (Torpark) in Victoria, replacing a competitor solution.
- 3 HD5 systems for a major contractor supporting a NSW light rail project, with an additional 5 systems in negotiation.
- 5 STA6 systems for a major transport infrastructure project in WA. Spectur is now fully established in this customer's procurement system and there is substantial potential for expansion of this scope of work.

Note that due to the sensitivity of security applications, many Spectur customers do not wish to be identified.

Pipeline of high-quality customers in target sectors is growing

The pipeline of potential sales is also increasing with growth in inbound and outbound opportunities as well as advanced verbal approvals for 45 STA6 systems, including the new STA6 Pro (which offers 360-degree panoramic vision in 16K). Pending sales of these systems are to new and existing customers across Australia in the construction, defence, urban development, mining and agriculture sectors.

Note that the above opportunities are yet to receive final purchase orders so may evolve or not proceed.

Executive commentary

Spectur Managing Director, Gerard Dyson, said:

"This is a very exciting time for Spectur as we see the fruits of investments we have made in the last 16 months into technology development, marketing and sales. It is tremendous not just to see sales of the STA6, but to see sales and rentals with new customers, in our key target sectors. Spectur's experience is that new customers tend to become repeat and growing customers, so we plan to expand these new strategic relationships in the longer term, underpinning sustainable growth.

Due to the increasing portion of rental contracts noted over the year, and in particular since the market impacts of COVID-19, we are seeing a reshaping and smoothing of our revenue curves compared with the more volatile hardware sales biased models of twelve months ago. In recognition of this ongoing trend, Spectur expects to introduce a longer-term Hardware as a Service (HaaS) commercial offering in the near term, to sit between rentals and hardware purchase options.

The popularity of the STA6 platform has also created demand that has temporarily outstripped our ability to supply within our preferred short cycle time, however, we have managed customer expectations accordingly and staged delivery and installations to suit. These delays to installations have had some impact on our ability to recognise revenue however we have active plans to adjust to meet the growing demand and reduce our supply times of STA6 platforms going forward."

Ends.

This ASX release is authorised by the Board of Directors 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.

