

## Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 25 October 2021

### Highlights

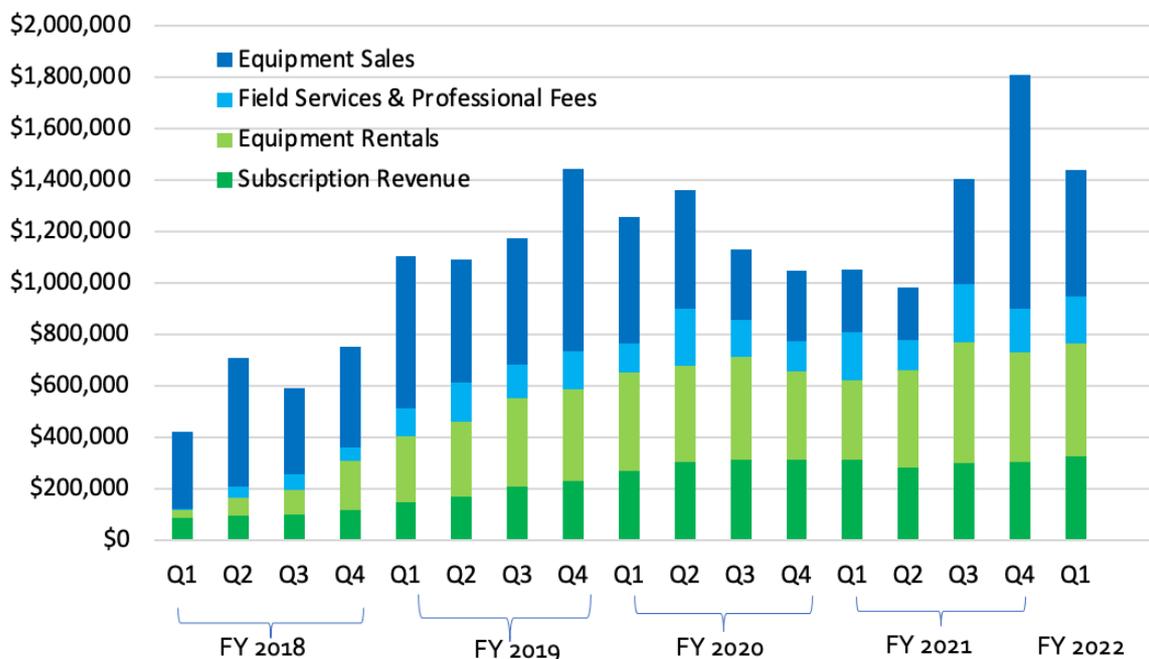
- Spectur sets new Q1 records in quarterly and subscription revenue
- Unweighted sales pipeline of \$6.3m (weighted \$2.68m) increased by 36% and 48% respectively between June and September 2021, underpinning expectations of a strong Q2 FY22
- More than \$2.4m of cash and debt combined is available as at 30 September 2021

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 30 September 2021.

### Record revenue performance for quarter, half and full year

In Q1 FY22, Spectur achieved its best Q1 performance on record, earning revenue of more than \$1.44m (+37% year-on-year). Spectur gained momentum into the end of the quarter, generating monthly revenue in September of \$597k. This is the 3<sup>rd</sup> largest month of revenue in Spectur history and represents an increase of 61% compared to September 2020.

### Revenue per Quarter



The second and fourth quarters of each financial year are generally the strongest seasonal periods for Spectur. Noting the extensive lockdowns throughout Q1 FY22 in NSW and Victoria, which are substantial markets for the Company, achieving record first quarter revenue during the period demonstrates ongoing fundamental growth in the Company’s operations.

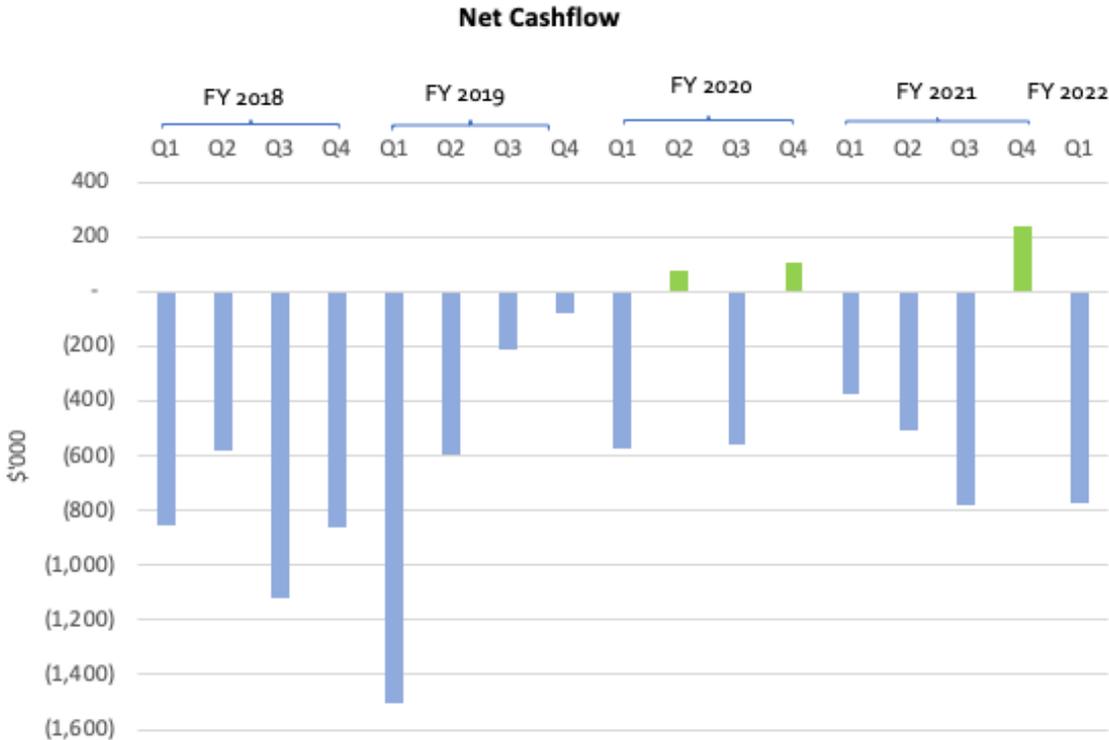
At the end of the quarter, Spectur had 343 rental units actively deployed – another record heading into a seasonally high quarter.

**Operating Expenses and Cash**

The first quarter of the financial year for Spectur is a seasonally slower period for revenue, and also coincides with a number of annual and (on this occasion) one-off cash expenditures. Accordingly, expenditure from net operating activities increased from \$1.7m in Q4 2021 to \$2.4m in Q1 2022. Key elements of this increase are as follows:

- Staff costs in Q1 2022 include annual payroll tax and workers compensation premiums (\$109k). The payroll tax is payable annually in arrears and the workers compensation insurance is payable annually in advance. Staff costs also include an additional payrun (\$86k). There will be an additional payrun every 2<sup>nd</sup> quarter due to the number of fortnights per year.
- Administration costs in Q1 2022 include business insurance premiums, ASX fees, audit fees and tax consulting fees (\$180k). The business insurance and ASX fees are payable annually in advance and the audit and tax consulting fees are payable annually in arrears coinciding with Spectur’s annual financial statements.
- Product manufacturing and operating costs include additional investment in inventory to ensure that Spectur can continue to meet expected customer demand (\$140k).

Underlying business expenditure has stayed materially the same.



At this time, Spectur has not drawn on the \$1.5m debt facility that remains available.

## Healthy sales pipeline complements strong Q1 performance and underpins positive outlook

Spectur's unweighted pipeline of sales opportunities was \$6.3m at the end of Q1 FY22, with the probability weighted pipeline \$2.68m - representing quarter-on-quarter growth of 36% and 48% respectively. This pipeline includes larger contracts related to the expansion of existing accounts in the utilities and construction sectors as well as the addition of new customers in the industrial, government, not-for-profit and utilities sectors.

As NSW and Victoria continue to reduce lockdown restrictions through Q2, summer holidays loom and business conditions improve, the Company expects demand to increase with commensurate benefit to Spectur.

Coinciding with the return to warmer weather, deployment of the Company's new safety and warning platforms on beaches in NSW and soon in WA will also raise visibility of these solutions, further expanding longer term opportunities in the safety and warning applications space.

### Executive commentary

#### Spectur Managing Director, Gerard Dyson, said:

*"The start of Q1 FY22 coincided with some of the most extensive and severe lockdowns in the recent history of Australian pandemic management. Despite the dampening impact of these interventions, Spectur was still able to record quarterly revenue 37% greater than in Q1 FY20. As lockdown-related headwinds dissipate and a traditionally strong seasonal period approaches, we anticipate improving ongoing performance. The business has a very healthy pipeline, we are equipped with a bolstered inventory of componentry to meet demand and a stable team delivering now and into the future."*

*Whilst there was some cash consumption in this quarter, the majority was for one-off or annual costs or used to substantially increase inventory levels in response to issues within the electronics supply chain. This level of cash disbursement is not expected to recur in Q2 FY22 and the Company's underlying operating cash consumption is consistent with its progress towards fiscal improvement."*

### Corporate Matters

During Q1 Spectur completed the allocation of incentive awards to certain key management and senior employees under its Employee Incentive Scheme (**Scheme**).

#### *Performance Rights*

3,065,012 Performance Rights were issued to key management personnel and senior employees (other than directors) under the Scheme as long-term incentives.

Managing Director Dr Gerard Dyson, has been allocated 2,083,333 Performance Rights on the same terms and conditions, subject to receipt of shareholder approval, which is to be sought at the Company's 2021 Annual General Meeting.

The Performance Rights are issued for nil cash consideration, and vest upon the satisfaction of performance conditions set by the Board. Performance conditions are Company revenue and EBITDA targets, measured for the financial year to 30 June 2023.

#### *Incentive Options*

Spectur issued 2,200,000 unquoted Options to members of Spectur's key management personnel (other than Directors) under the Scheme. The Options are exercisable at \$0.10, expiring 30 June 2024.

The Options are not subject to vesting conditions.

Subject to the receipt of shareholder approval to be sought at the AGM, the Company has also approved the issue of 2,100,000 Incentive Options under the Scheme as follows:

- 1,100,000 Incentive Options to the Managing Director, Dr Gerard Dyson; and
- 500,000 Incentive Options to each of the Non-Executive Directors, Bilyana Smith and Darren Cooper.

The Director Incentive Options will be unquoted, exercisable at a 42% premium to the VWAP to be calculated based upon the 5-day period up to and including the date of the AGM. The Options will not be subject to vesting conditions.

#### *Cancellation of Performance Rights*

A total of 1,024,676 FY20 and FY21 Performance Rights were cancelled during the quarter due to the vesting conditions no longer being attainable due to the cessation of employment of the holders.

#### **Annual General Meeting**

The Company's Annual General Meeting of shareholders is scheduled to be held on Friday, 29 October 2021 at 12.00 noon (WST) (**Meeting**).

#### *Accessing Electronic Meeting Notice*

The Notice of Meeting can be viewed and downloaded from the following link:

<https://spectur.com.au/investor-services/>

The meeting will be a virtual meeting and shareholders who wish to attend virtually and vote on the day of the Meeting will need to login to register by going to the following link:

[https://us02web.zoom.us/webinar/register/WN\\_W\\_Z5PJ0jRFK9LDJmrQOFSQ](https://us02web.zoom.us/webinar/register/WN_W_Z5PJ0jRFK9LDJmrQOFSQ)

Shareholders are encouraged to vote online at <https://investor.automic.com.au/#/loginsah>

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

	\$
Salary paid to Managing Director	76,795
Non-Executive director fees paid	19,167
Superannuation paid to directors	8,870
<b>Total payments to related parties</b>	<b>104,832</b>

**Ends.**

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



**For further information, please contact:**

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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 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](http://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.

