

SPECTUR

SOLVING OUTDOOR CHALLENGES WITH AUTONOMOUS SENSING, THINKING AND ACTION

EQUITY CAPITAL RAISING PRESENTATION

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JULY 2020
SPECTUR LIMITED (ASX: SP3)



SPECTUR

The leader in solutions and platforms using solar power, visual AI and IoT

Important Notice and Disclaimer

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Agenda

1. Executive Summary
2. Introduction to Spectur
3. Strategy progress
4. Operational update
5. Offer details
6. Key Risks



Executive Summary

FY2020 performance

- Full year revenue estimate to be circa $4.8m (unaudited)
- 30 June 2020 cash balance $1.62m (positive cash of $87k for Q4)

FY2020 strategy execution

- Built customer outreach with associated insights, guiding market needs assessment
- Designed and built STA6, Spectur's scalable next-generation technology platform
- Outbound sales capabilities expanded
- Digital marketing and website poised for enhancement
- CSIRO Data61 partnership for AI in place

FY2021 growth horizons - organic and targeted acquisitions

- Expanding product lines (STA6 cornerstone)
- Gaining entry into major projects
- Adding sales channels via technology partners, security and system integrators
- Increasing geographic presence
- Expanding and improving range of solutions and applications for existing customers
- Improving inbound sales from enhanced marketing

Spectur seeks $1.1m to accelerate growth opportunities

Growth Capital Item	Investment Required
Sensing growth	$180,000
Expand AI applications	$180,000
Upgrade UI/UX/Server	$180,000
Targeted M&A strategy	$180,000
Channel expansion	$150,000
Product roll out	$150,000
Marketing investment	$54,496
Capital raise costs	$60,000
Total	**$1,134,496**

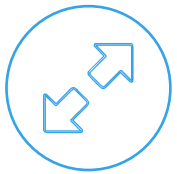
Note:
- This is the current intention and is subject to change depending on future events.
- Any amount raised lower than the target amount would result in reductions of investment across all items

Growth accelerators - Use of funds



Sensing growth ($180k)

- Speed the rate of deployment of the remote sensing LoRaWAN module. Currently delayed until Q2
- Acceleration of the “on-sensor” technology
- Expand sensor supplier relationships and build marketing support



Expand AI applications ($180k)

- Develop and deploy additional AI applications for the STA6
- Speed the development of the “App store” for AI applications
- Expand AI supplier relationships and build marketing support



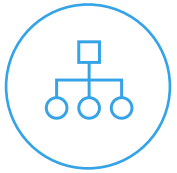
Upgrade UI/UX/Cloud software ($180k)

- Improving the end-customer experience
- Ensuring that web and app functionality upgrades do not delay system deployments



Targeted M&A strategy ($180k)

- Costs for investigations into parties that can be acquired to accelerate growth
- Remote sensing, applied visual AI, integrators in target markets
- Seeking existing revenues and earnings within strategy



Channel expansion ($150k)

- Investigation and trialing of products and solutions with additional partners
- Australian and international re-sellers



Product roll out ($150k)

- Investment in additional inventory and componentry
- Allow faster delivery times and increased sales



Marketing acceleration ($54k)

- Accelerate e-commerce and customer portal on website
- New and refreshed marketing collateral
- Enhanced digital marketing (Paid, SEO, EDM, Social)



Capital raise costs ($60k)

- Broker, ASX, registry and legal costs

$1.1m in additional funds sought.

Spectur Limited

Focus on two major sectors

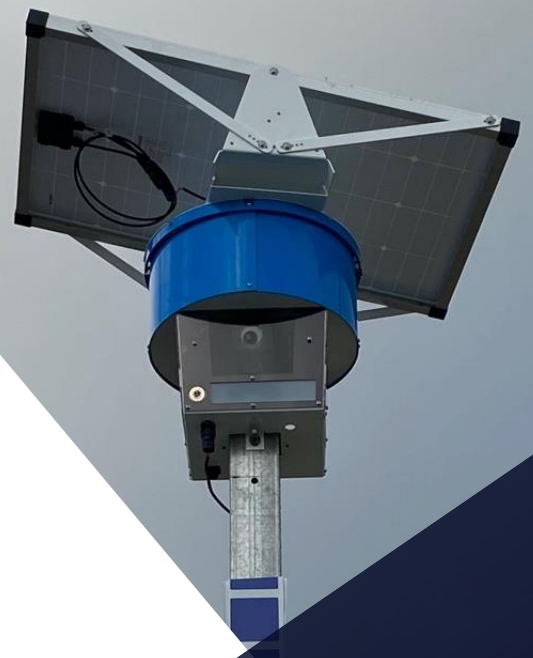
- Government, utilities & institutional
- Building & construction

Solutions for high value problems

- **Deterrence** of crime
- **Surveillance** to improve productivity
- **Warnings** to protect communities
- **Safety** through monitoring and AI
- **Environmental sensing** without people
- **Range** of solutions expanding

Leveraging technology for enhanced results

- **Australian** owned, design, coded and assembled
- **Solar powered in-field platforms** designed with cameras, IoT, computing, connectivity
- **Expanding and customisable** software, leveraging edge and cloud-based AI
- **Future-proof** programmable processing platform
- **IoT sensors** connected via LoRaWAN, extending the reach and versatility of the platforms
- **Complementary** field services to install, maintain, service and support
- **Designed to integrate** with 3rd party AI, sensors and video management systems



Solving outdoor challenges using autonomous sensing, thinking and action

Capital Structure

Key Metrics as at 30 June 2020	
Share Trading Information	
ASX code	SP3
Listed on ASX	01/08/2017
Current share price	$0.07
Market cap	$5.3m
52 week closing high	$0.13
52 week closing low	$0.041
Capital Structure	
Shares on issue	75.6m
Options – Listed (exercisable at $0.20, 31 December 2020)	11.1m
Options – Unlisted (exercisable at $0.20, 31 December 2020)	9.2m
Options (exercisable at $0.37, on or before 31 December 2020)	150k
Options (exercisable at $0.50, on or before 31 December 2020)	2.0m
Performance Rights on issue	2.6m

Share Register	
Top 20 shareholders	**42.5%**
% of register owned by Board & Key Management	**3.65%**

Top Shareholders (as at 30 June 2020) – A Growing Institutional Investor Presence	
Richard Wilkins (Founder)	**7.9%**
National Nominees Ltd	**4.8%**
DRP 2006 Super	**2.7%**
Pabasa Pty Ltd	**2.6%**
Basapa Pty Ltd	**2.1%**
Cyan C3G Fund	**2.0%**
Darren Cooper (Non-Executive Chairman)	**2.0%**
D & G Amarakoon <Duro Super Fund>	**1.9%**
Oldview Enterprises	**1.7%**
Dr Malaka Ameratunga	**1.7%**
Rinaldi family	**1.6%**
Gerard Dyson (Managing Director)	**1.4%**
Equitable Investors Dragonfly Fund	**1.3%**

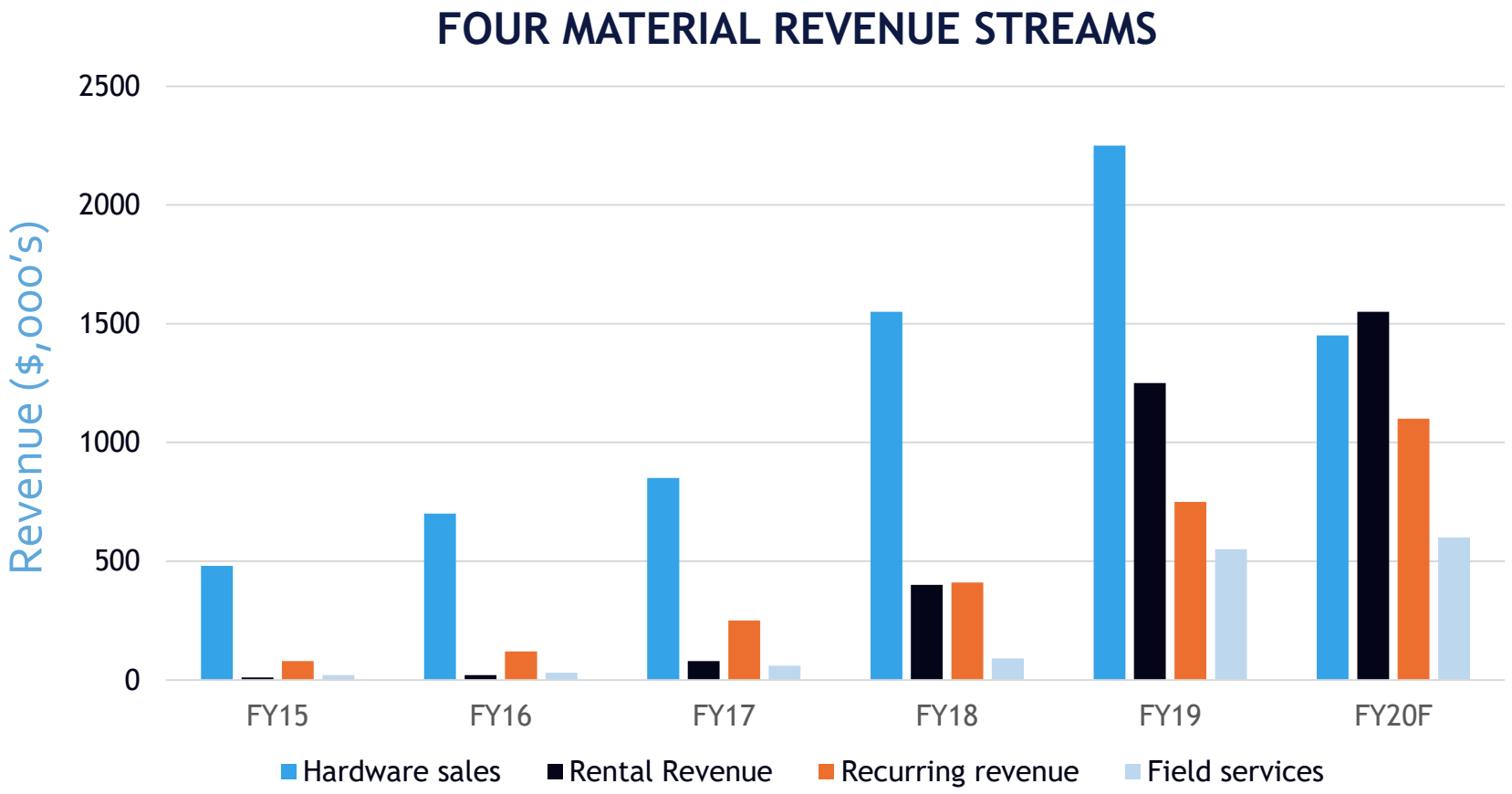
Pro - Forma Capital Structure

Pro Forma Shares			
Capital Structure - Pro Forma Shares	**No.**	**$***	**$/Share**
SP3 Fully Paid ordinary Shares Pre-Placement	75,633,065		
Placement Shares	11,344,960	567,248	$0.05
Pro Forma Shares Post Placement	86,978,025		
Offer of Shares Under Share Purchase Plan (SPP)	11,344,960	567,248	$0.05
Total Shares on issue following Placement and SPP	98,322,985	1,134,496	

* Cash proceeds before costs

Note, the pro-forma capital structure is indicative only and may be subject to change

Operational Update



Update

- Solid ongoing growth in Recurring (SaaS) and Rental revenues
- Greater than 50% of current revenues from ongoing sources

- 30 June 2020 cash balance $1.62m – (circa $90k net cash increase, with COVID-19 support)
- Forecast FY20 revenue (unaudited) $4.8m – (softer H2 in response to COVID-19 impacts on customers)

Note: FY20F based on incomplete, unaudited results

Achievements FY20: Positioning Spectur for Growth

Technology Ready to Scale

Creates an entirely new product category, separate but inclusive of "solar security camera".

- Open platform that can integrate with other camera platforms, AI software and third-party sensors
- Underpins premium brand positioning

Enhanced Sales and Marketing

Transition from inbound to outbound focused sales, ready to proactively sell STA6

- Sales team expanded from three to six persons
- New website well advanced and refreshed digital marketing approach

Institutionally Strengthened Operations

Core systems, processes and infrastructure reviewed and matured, ready for growth:

- Inventory and manufacturing
- Strategy and sales focus
- Roles, responsibilities, KPIs, metrics

Improved Shareholder Register

Enhanced quality, depth and alignment of the share register:

- Removal of outstanding overhangs
- Addition of multiple small-cap funds throughout the year
- Strong and growing long-term support from core top-20 investors

Customer insights

A customer feedback function has been designed, implemented and delivered results. Key insights have included:

Functionality and performance required by the market, which has driven research and development

Effectiveness of sales and marketing approaches, leading to changes and optimisation in this function

Customer experience using Spectur systems, which has shaped how our field teams are supporting customers

STA6 Technology Platform Ready for July Delivery

Superb vision in ultralow light and at long range
Up to 360º vision with **no blind spots**

Expandable hub for IoT sensors

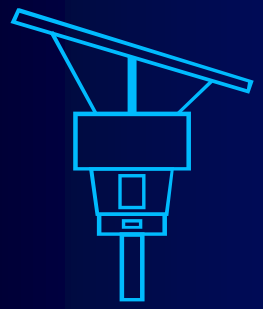
Advanced and open, edge and cloud **visual AI**

Automated license plate recognition

Very **low levels of false alarms**

High quality 4K or thermal images

Easily integrated with 3rd party VMS, AI, sensors



Quantum leap STA6 platform launches:
orders already received for July delivery

Audible/visible alarms and messaging with your choice of audible message

Microphone for local sound capture

Self-contained for rapid deployment

Optional callout or **24/7 guard service**

Future-proof via software upgrades

Available for **sale and rent**

Designed and **made in Australia**

FY21 Growth Strategy: Ready to Accelerate

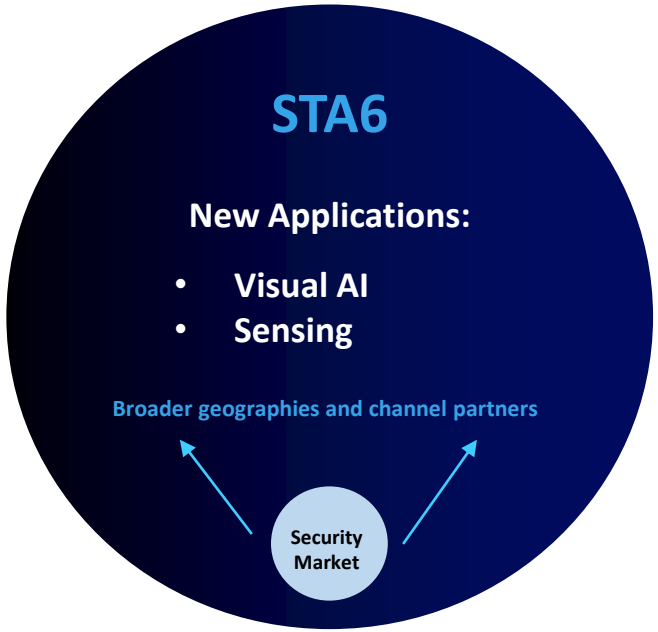
Dramatically improved security application performance
- Increased sales based on improved performance
- New guard service offering (commenced in Q4 FY20)

STA6 is a future-proof, multi-function open platform
- Can be used for inhouse applications, as part of an integrated security solution, with 3rd party AI and 3rd-party sensors
- Range of uses is open ended and far greater than “security” only market making the product more valuable
- Programmable, expandable, flexible, future-proof compared to existing market (single use or bespoke combined applications)
- Allows extended sales through 3rd parties in Australia and overseas (integrators, security companies, AI and sensor providers)

Access to major projects
- STA6 platform can be integrated into 3rd party VMS systems, allowing it to be used as part of broader smart city / security / parking / other applications
- Spectur can now participate with integrators or as an integrator in larger projects

STA6 can do more for existing customers
- Extended AI applications in safety, warning & automated categorization (e.g. license plates) providing additional SaaS revenue
- Standalone sensors including movement, vibration, noise, air quality, smoke, environmental and others, bringing additional hardware and SaaS revenue

Extended range of ancillary products, sensors and AI applications
- Including solar lighting, trailers, LoRaWAN sensors, CSIRO AI applications, other 3rd party AI applications
- More items to sell and rent, driving upfront and ongoing SaaS revenue for Spectur



Offer Details

OFFER STRUCTURE & SIZE	• Placement raised approximately $0.57m from the issue of 11.3 million new Spectur Shares to be issued under Spectur's existing placement capacity under ASX listing Rule 7.1 (**Placement**).
OFFER PRICING	• Offer price of 5c per New Share represents a: - 29% discount to the last closing price of 7c on 30 June 2020. - 19% discount to the 15-day VWAP up to including 30 June 2020.
RANKING	Parity with fully paid ordinary shares on issue.
USE OF PROCEEDS	Proceeds from the Equity Raise will be applied to: • Sensing growth • Expand AI applications • Upgrade UI / UX / Server • Targeted M&A strategy • Channel expansion • Product roll out • Marketing acceleration • Capital raise costs
SHARE PURCHASE PLAN (SPP)	In addition to the placement, Spectur are offering eligible Australian and New Zealand shareholders the opportunity to apply for up to $30,000 in New Shares via a SPP. • The issue price for New Shares issued under the SPP is the same as the Placement Price of 5c. • Spectur seeks to raise approximately $0.57m through the SPP. • The record date of the SPP is 8 July 2020, and an Offer Document including further details of the SPP offer will be sent to eligible shareholders in due course
LEAD MANAGER	ACNS Capital Markets Pty Ltd trading as Alto Capital (ABN 93 088 503 208)

Equity Raising Timetable

EVENT	DATE
Trading halt	Friday 3 July 2020
Record date for the SPP	Wednesday 8 July 2020
Transaction announced and SP3 resumes trading on the ASX	Thursday 9 July 2020
Settlement of Placement Shares	Monday 13 July 2020
Allotment and normal trading of Placement Shares	Wednesday 15 July 2020
SPP offer opens and dispatch of SPP Offer Document	Monday 20 July 2020
SPP offer closes	Friday 7 August 2020
Announcement of results of SPP	Tuesday 11 August 2020
SPP allotment date	Thursday 13 August 2020
Normal trading of SPP Shares and dispatch of holding statements	Friday 14 August 2020

Notes: All above dates and times are indicative and subject to change without notice and have not been confirmed by the ASX. All times are WST time unless otherwise specified.

Key Risks - General

COVID-19	Events related to the Coronavirus pandemic (COVID-19) have resulted in significant market volatility. There is continued uncertainty as to ongoing and future response of governments and authorities globally as well as a likelihood of an Australian economic recession of unknown duration or severity. As such, the full impact of COVID-19 to consumer behaviour, suppliers, employees and the Company are not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to Spectur's financial and operational performance.
Competition	The solar power, visual AI and IOT industry is subject to competition based on factors including price, service, quality, performance standards, information security, innovation and the ability to provide customers with an appropriate range of reliable and tailored services in a timely manner.
Competition from new entrants to the industry	Spectur operates in an increasingly competitive industry where a number of participants are, or may, target entry into the industry with new and innovative products aimed at the industry. New entrants to the industry may offer more competitive prices for products due to a range of factors, including if they have greater financial resources than Spectur, which may enable them to offer products at more competitive prices while they establish their business. New entrants may also compete against Spectur with cheaper products that have less functionality than Spectur's offering.
Failure to retain existing customers and attract new customers	Spectur's business is dependent on its ability to retain its existing customers and attract new customers. Part of Spectur's business operates under subscription models which are exposed to the risk of termination, expiry and non-renewal.
Spectur is not yet profit making	Spectur has historically focused on developing its platform and product, growing its customer base through relationships with channel partners, and the recruitment of sales and marketing staff. While revenue has grown from FY14 to FY19, the focus on revenue growth has seen an increase in the cost base, resulting in the business historically generating NPAT losses and an expectation that NPAT losses will continue in the future. If Spectur fails to generate positive NPAT in the future it may be required to raise further capital and Spectur's future operations may be adversely affected and its reputation may be damaged.
Reliance on product line	Spectur's business model is substantially reliant upon a limited range of products, being the HD and new STA systems. Spectur's success depends on its ability to keep customers satisfied with its products. There is a risk that Spectur fails to properly maintain its products and IOT services or that updates or new releases may introduce errors or performance issues which could cause customer dissatisfaction and damage to reputation. Spectur's reputation may also suffer as a result of real or perceived reductions in functionality, product quality, reliability, security, value and customer support or a failure to reflect developments in technology or in the commercial, compliance and regulatory environment. Any of these factors may result in reduced sales and usage, loss of customers and an inability to attract new customers and possibly legal claims by customers.
Reliance on third party IT suppliers and disruption of technology systems	Spectur and its customers are dependent on the performance, reliability and availability of Spectur's IOT technology platforms and communications systems (including third party provider of servers, the internet, telecommunication providers, data centre hosting services and the cloud environment in which Spectur provides its services). There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, malware, cyber attacks or other disruptions including natural disasters, power outages or other similar events.

Key Risks - General

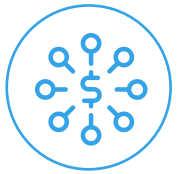
Security breach and data privacy	Spectur's products involve the storage and transmission of customers' confidential and proprietary information. Spectur's business could be materially impacted by security breaches of customers' data and information, either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential customer data.
Ability to attract and retain key staff	Spectur's success depends to a significant extent on its key personnel, in particular the senior management team. Spectur's senior management have extensive experience in the core and unique operations of the business. The loss of key members of senior management may adversely affect Spectur's ability to develop its products or implement its business strategies and may adversely affect its future financial performance.
General Risk	An investment in Spectur is also subject to general risks including those related to general economic conditions, availability of funding, refinancing requirements, foreign exchange risk, share price volatility, interest rates, debt financial distress of customers, attracting and retaining employees, health, safety and environment issues, litigation and disputes, financial forecasts, regulatory issues, changes in law, changes in accounting policy and standards, taxation implications, insurance issues, force majeure, counterparty risk, intellectual property risk and reputational risk.
Investment Risk	There are general risks associated with investments in equity capital such as Spectur shares. The trading price of Spectur shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of Spectur shares include: • the impact of COVID-19 (or other pandemics or epidemics), including prolonged reduction in activity in the business' key markets and on Spectur's workforce, industry, customers and supply chains, including as a result of governmental action, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the economics and share markets of the key markets in which Spectur operates; • general movements in Australian and international stock markets; • investor sentiment; • Australian and international economic conditions and outlook; • changes in interest rates and the rate of inflation; • changes in government legislation and policies, including taxation laws; • loss of key personnel and delays in replacement; • announcement of new technologies; • epidemics or pandemics such as COVID-19; • geo political instability, including international hostilities and acts of terrorism, the response to COVID-19 and travel restrictions; • demand for and supply of Spectur shares; • announcements and results of competitors; and analyst reports. No assurances can be given that the New Shares will trade at or above the Offer price. None of Spectur, its directors or any other person guarantees the market performance of the New Shares. The financial position, performance and prospects of Spectur and Spectur's share price may be adversely affected by the worsening of general economic conditions in Australia (including, the adverse impacts of, and the responses to, COVID-19), as well as international market conditions and related factors. It is also possible new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

Investment Highlights



Financial performance

- $1.62m cash at bank as at 30 June 2020
- Positive cash generation in Q4
- Revenue recovering from March 2020 lows
- Strong operational controls



Game changing technology

- Best in class performance
- Unique programmable platform
- Unlimited future applications



Enhanced sales and marketing

- Australian and international channel partners
- Outbound sales team
- Improving digital platform



Synergistic M&A Options

- Channel partners
- Sensing
- Visual AI
- Solar ecosystem



Capital for growth

- Operations almost cash neutral
- Capital will be deployed in growth areas
- Multiple avenues for results, reducing risk



Contact Details

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Sense Think Act