Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 25 July 2022

Highlights

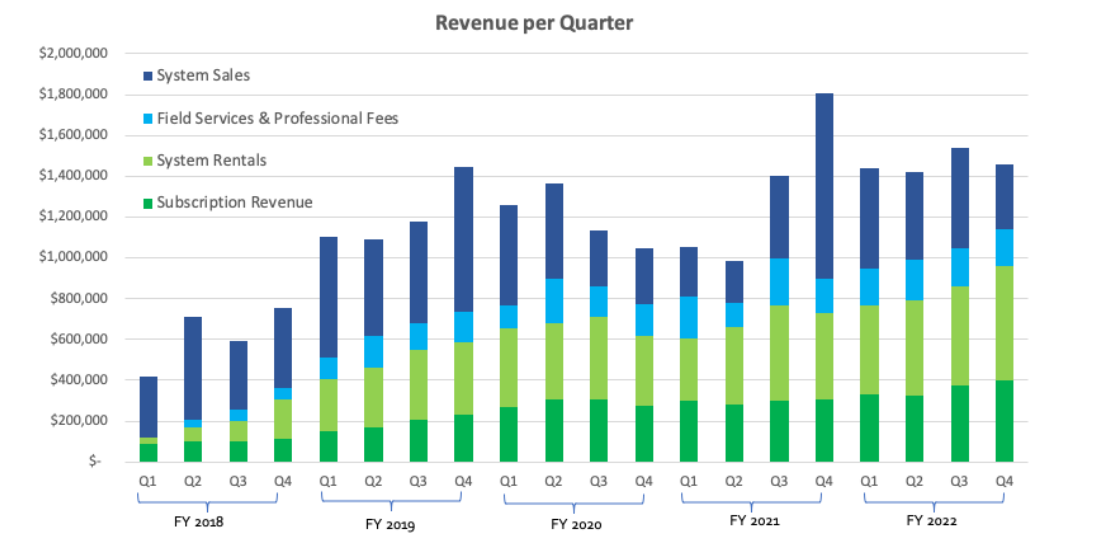
- **Spectur delivers FY22 revenue of $5.83m of which $3.33m (57%) is classified as recurring revenue.**
- **Total available funding at end of June 2022 of $1.43m, with net cash used in operating activities in Q4 FY22 of $248k.**
- **Unweighted sales pipeline grows to $10.2m at 18 July 2022 (weighted $3.55m), underpinning expectations of continuing growth into FY23.**
- **Successful placement of $1.86m in July, Securities Purchase Plan to raise $500k now open to shareholders.**
- **Join Managing Director Gerard Dyson for a live investor briefing on Tuesday 26th July at 12pm (AEST). Register: https://spectur.investorportal.com.au/investor-briefing/**

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 June 2022.

Record revenue performance in FY22

Spectur finished Q4 FY22 with steady revenue performance of $1.43m for the quarter and $491k of revenue in the month of June. The full year FY22 revenue of $5.83m was up 11% on full year FY21 ($5.25m).

Recurring revenue for the year (comprising subscriptions and rentals) grew to $3.33m, with June annualised recurring revenue equivalent to a yearly run rate of $3.76m. For FY22, recurring revenue comprised 57% of overall revenues at 70% gross margin.

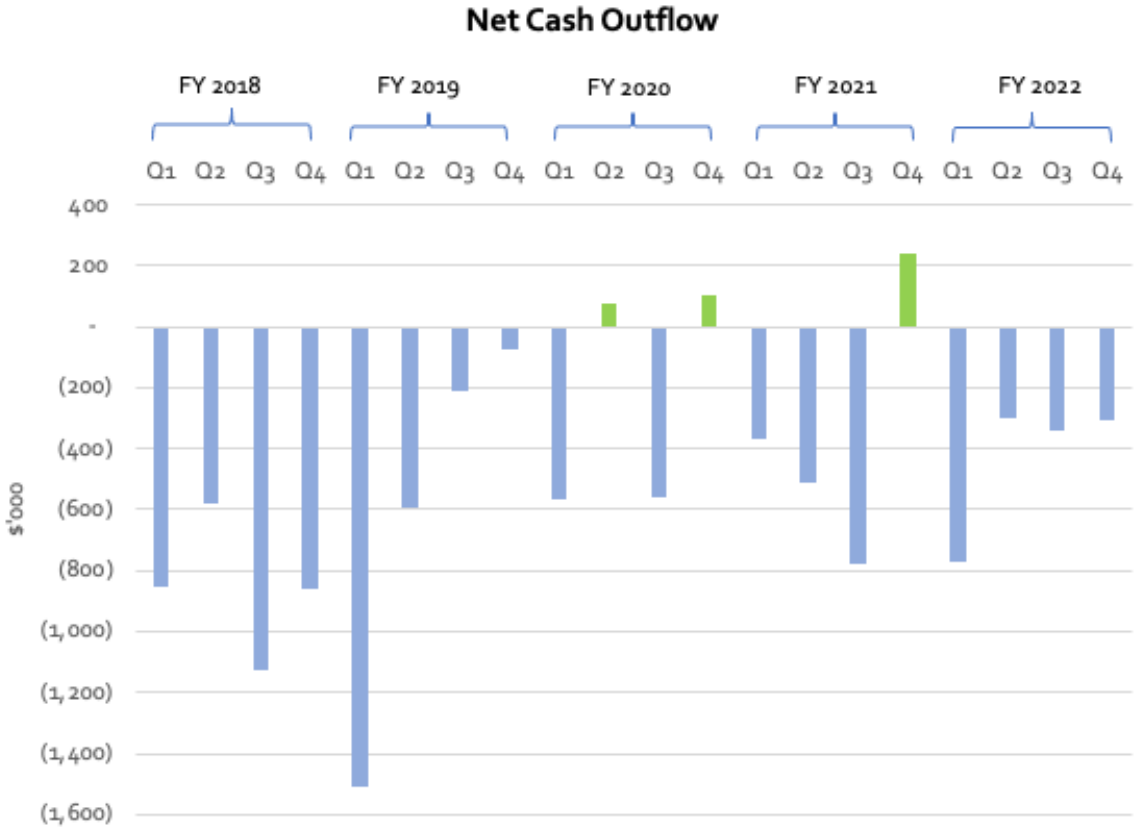


Operating Cashflows and Cash

Net cash outflows from operating activities for the quarter were $248k. Operating cash outflows stabilised at $1.9m in Q4, in line with Q3 2022. Notable elements of Q4 2022 operating cash outflows were as follows:

- Product manufacturing and operating costs increased by $140k, to both mitigate supply chain risk and to ramp up production to cater for increased demand.
- Staff costs decreased by $205k largely due to the additional pay run which occurred Q3. There were also some vacancies which were filled late in Q4 following staff resignations in Q3.
- Administration costs increased ($70k) from the prior quarter and included ERP implementation costs and preliminary costs relating to the capital raise.

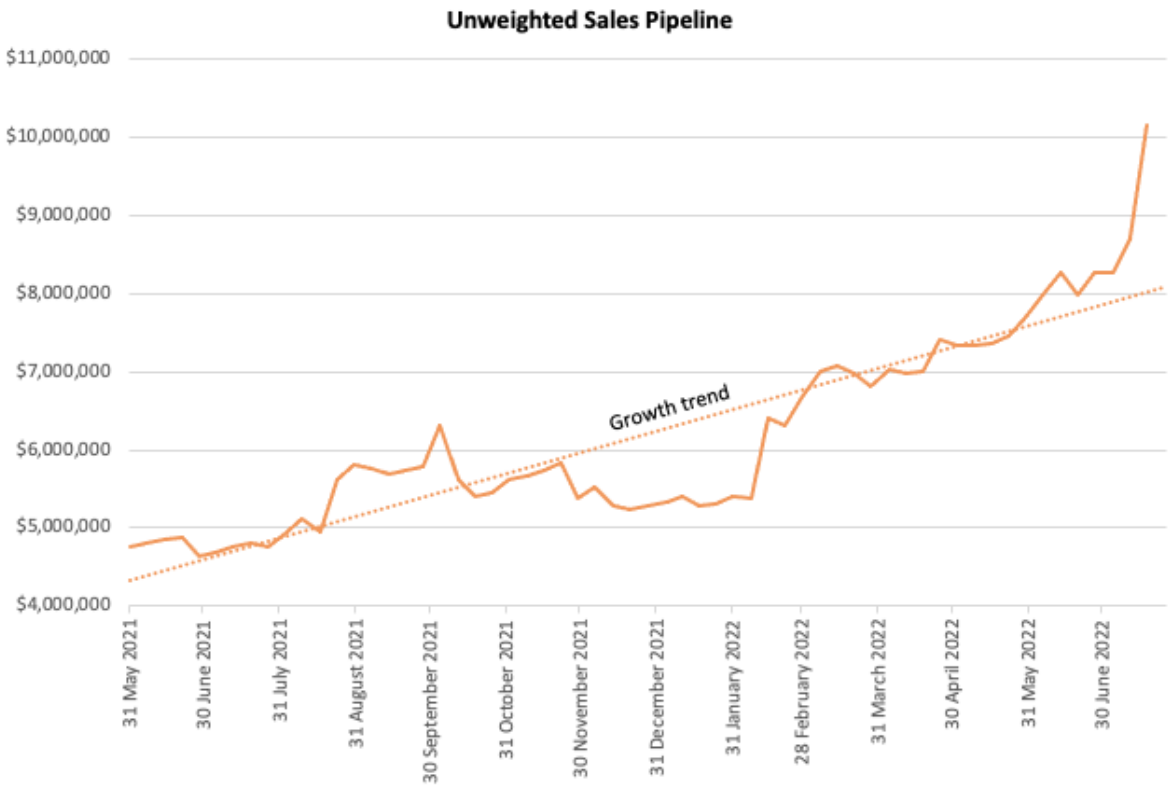
At the end of Q4 FY22, Spectur had drawn $700k of an available $1.5m debt facility, with $800k of the facility remaining undrawn and a cash balance of $630k, resulting in approximately $1.43m of accessible cash at the quarter end.



Ongoing growth in sales pipeline

Spectur's unweighted pipeline of sales opportunities was $6.8m at the end of Q3, $8.35m at the end of Q4 and $10.2m at 18 July 2022. At 18 July 2022, the probability weighted pipeline[1] was $3.55m - up from $3.35m at the end of Q4 and $2.82m at the end of Q3. This corresponds to 50% growth in unweighted pipeline in less than 4 months and 26% growth in weighted pipeline over a similar period.

Overall growth since consistent reporting commenced in May 2021 is shown in the chart below.



The recent increase in sales pipeline is related to tenders for large utility projects. Other well-advanced items in the sales pipeline include opportunities related to beach safety, large construction projects and transportation projects.

Capital raising activities

On 19 July 2022, Spectur announced a placement of $1.862m with sophisticated and institutional investors, to be followed by a Securities Purchase Plan (**SPP**) to raise $500k that enables existing shareholders to participate under the same terms as the placement.

Any remaining Shares and corresponding Bonus Options not taken up by Eligible Shareholders under the SPP Offer will be made available by way of a separate offer under the Prospectus (**Shortfall Offer**). The Shortfall Offer will be open to the public, including Eligible Shareholders who wish to apply for Shares above their maximum allocation under the SPP Offer ($30k).

[1] The methodology through which Spectur probability-weights its sales pipeline was disclosed via ASX announcement on 30 August 2021.

These funds will be deployed to accelerate the growth of the business towards EBITDA and cash breakeven. Particular applications of the funds are to:

- finance market expansion across South and regional Australia;
- globalisation and modular platform development;
- expansion of the current marketing program, including research into a USA market entry;
- purchase of additional inventory to mitigate supply chain risk; and
- associated raising costs and working capital.

Shareholders may request an electronic copy of their personalised SPP Application Form by registering here: https://spectur.investorportal.com.au/register-spp/

The Company has appointed Reach Corporate Pty Ltd as Lead Manager. If you have any questions on the Offer, please contact them on advisers@reachmarkets.com.au or 1300 805 795.

Appointment of Chief Technology Officer

Spectur appointed experienced Chief Technology Officer and Product Manager, Peter Dickinson during the period. Mr Dickinson has more than two decades of experience in the intersection of remote sensing, Cloud services and machine learning. Mr Dickinson is a qualified engineer and was recently hired from Emesent, a rapid scale up of CSIRO 3D scanning technology.

Executive commentary

Spectur Managing Director, Gerard Dyson, said:

"This last quarter has seen the results of an extended period of marketing and sales activity, which substantially built our sales pipeline. Whilst the last two months of Q4 FY22 were slightly subdued from an equipment sales perspective in response to the volatility of global financial market and related concerns, the volume of new opportunities that fit our strategic profile increased substantially. This pipeline will underpin our growth into FY23."

"We have a clear strategic path and, with recent funding activities, the balance sheet to execute. It is our expectation that the work we will be doing to build the sales and marketing resources, globalise our technology and plan for further expansion internationally will drive the inflection point in sales, revenue and ultimately profitability and cash generation."

Join a briefing

Join Spectur Managing Director Gerard Dyson for a live and interactive investor briefing on Tuesday 26th July at 12pm (AEST) where he will provide a company update.

Click here to register for the session: https://spectur.investorportal.com.au/investor-briefing/

Corporate Matters

During the quarter there were no equity movements.

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

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Salary paid to Managing Director	60,639
Non-Executive Director fees paid	28,750
Superannuation paid to Directors	10,952
Total payments to related parties	**100,341**

Ends.

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

For further information, please contact:

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To stay up to date on company news and announcements, register your details on the Spectur investor portal.

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

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 occur as and when anticipated.