Spectur Limited (ASX:SP3) **November Market Update**
ASX Announcement | 6 November 2024

Highlights

- **Spectur has implemented cost reduction activities totalling $1.15 to $1.3m per annum. Following the conclusion of cost reduction activities in early CY2025, the business is expected to be run-rating at positive EBITDA.**
- **Managing Director Gerard Dyson has resigned, and will be moving into a Non-Executive role on the Board of Spectur following the conclusion of his three-month notice period. General Manager of Operations and Process, Anthony Schmidt will become acting CEO.**
- **Record sales in October ($702k) underpin confidence in business performance for the balance of 2024.**
- **With some delays in project awards, margin shortfalls in Q1 and exit costs, the Board has updated full-year revenue guidance to a range of $8.8m to $10.0m and full year EBITDA guidance to a range of ($670k) to ($85k). Consolidated cash reserves at 31 October 2024 were $0.776m.**
- **All debt with Radium Capital was repaid on 5 November 2024.**

Wireless sensing, thinking and acting solutions and platforms company Spectur Limited (**ASX: SP3**) ("**Spectur**" or the "**Company**") is pleased to provide an update on recent changes within the Company.

Operational developments

Productivity improvements continue to be realised in Spectur operations, from the implementation of new systems and associated processes. In parallel, substantial improvements in hardware technology have reduced warranty costs and service requirements, which will continue to improve into the future. Major upgrades across software and firmware have also brought on enhanced performance and stability. These improvements have created an opportunity to allow for a reduction in staffing, without a reduction in service.

Cost reduction activities

An overall review of performance year-to-date was recently concluded in response to productivity improvements, revenue and cash performance, and some delays in the award of larger projects. It was assessed that the time for cost reduction is now.

Actions have been implemented to reduce expenses to execute positive EBITDA at the run-rate of revenue and margins observed in Q1 FY25. When these actions are fully implemented, and the costs of these actions absorbed, the revenue breakeven point for the business will be reduced to approximately $8.9m per year.

Cost reductions include terminations of some premises leases, removal of duplicated and redundant systems and a shift to less capital-intensive service models in lower volume locations through working with partners.

The operational developments allow reductions in some operating costs (mainly staff), whilst still maintaining some capacity for expansion and growth.

Reducing executive costs, most notably with Managing Director Gerard Dyson resigning and moving to a Non-Executive Director role at the conclusion of his notice period, substantially lowers overheads. General Manager of Operations & Process, Anthony Schmidt, will become Acting CEO at the conclusion of Dr Dyson's 3-month notice period.

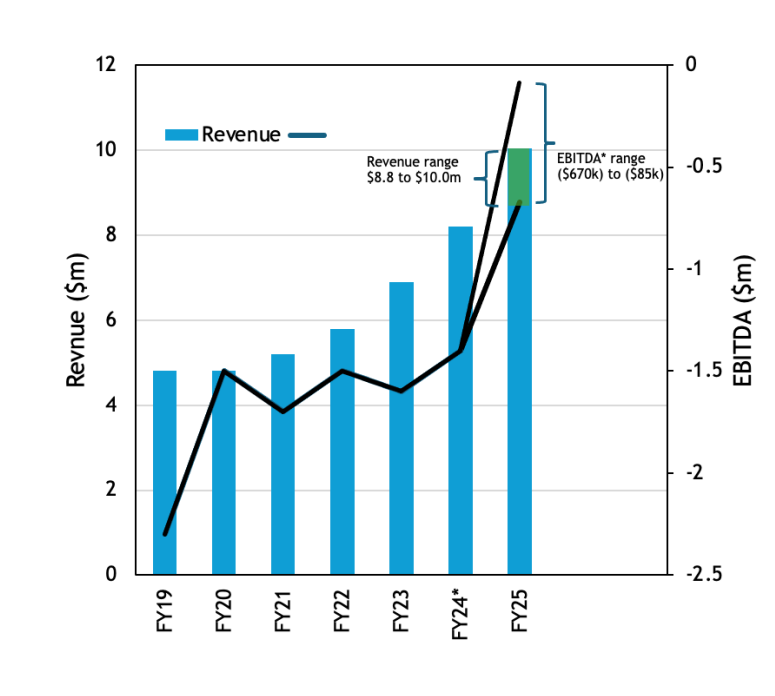
Anthony Schmidt is an accomplished business leader with extensive expertise in scaling and commercialising businesses across various industries, including CCTV and AI-driven technology solutions. He successfully led tech start-up Scancam from its founding stages to acquisition by Sensen Limited in 2021. Anthony started with Spectur at the beginning of 2024 and has been instrumental in the transformation of operations and many of the associated productivity improvements.

Pending the mix of future sales and thus impact on gross margins, permanent cost reductions will be $1.15m to $1.3m per year when fully implemented.

Updated Revenue & EBITDA Guidance

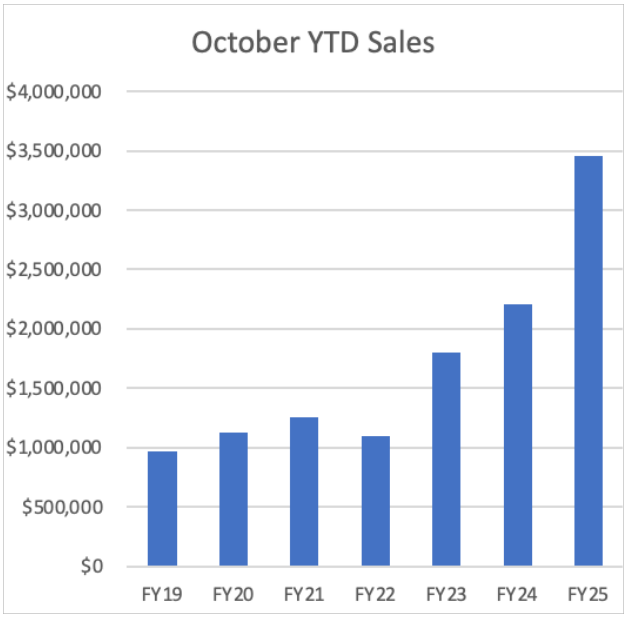
Due to delays in the award of some anticipated material projects, and recent larger wins being for longer-term contracts which have less impact on short-term revenue, the Board of Spectur has concluded that it is prudent to revise the revenue guidance range for FY25 from $8.8m to $10.0m.

Noting that it will take 3 to 6 months for all cost reductions to be fully implemented, the benefits of reductions will not be realised immediately. It is expected that go-forward full-year EBITDA (i.e. FY26 & beyond) will be positive at the low end of revised FY25 revenue guidance. Guidance for FY25 unadjusted EBITDA is updated to be in the range of ($85k) to ($670k).



Sales results

Sales results for October were excellent, totaling $702k for the month. This October result was the strongest October on record, exceeding the $614k record result observed in FY21 and well more than the $378k in FY24. YTD sales to the end of October are also now at record levels.



Wins came across a broad spectrum of customers and offerings including:

- A twenty -system rental order from a single customer for the new STA7 dual model
- Four new ERB6s for beach protection across two customers, on 5-year support plans
- Two new trailers, with a 3rd advised earlier this week.
- A large-scale deployment of smart rescue tube deployment devices (50), which will be retrofitted to existing emergency response beacons.
- An additional nine security platforms for the telecommunications sector
- Further expansion of our growing parking applications for local government.

The Company remains very optimistic that at least one larger item in the sales pipeline will be awarded this quarter with all efforts focused on closing the opportunity down.

Cash resources

On 1 November 2024, Spectur had cash and cash equivalents of $775k prior to receipt of the balance of the R&D tax return.

The $271k debt with Radium capital was fully repaid on 5 November 2024 from partial proceeds of the FY24 R&D tax return, leaving the business free of all structural debt (with minor debt for vehicles and insurance financing remaining).

Lump sum exit costs are expected to be phased across Q2 and into Q3 and related to a small number of redundancies and the payout of some leave balances. It is expected that these will be less than $80k in total.

Executive commentary

Spectur Managing Director, Gerard Dyson, said:

"The strategic emphasis over the last two years has been to move to profitability. We have now been able to adjust the cost base in a way that "cuts the cloth to suit" and moves to breakeven at the current revenue run-rate. This is the product of continuous improvement in the technology, sales and marketing approach, systems and processes, and an excellent business culture filled with tremendous people."

"It is disappointing that larger sales opportunities have not come as quickly as we would have liked, however we are confident that at least one will materialise in the current quarter, and the Company is well positioned for long term success. On behalf of Spectur, I am very grateful for the contributions made by all who have contributed to this point."

Annual General Meeting

As a consequence of Dr Dyson's resignation, Resolution 5 per the Notice of Annual General Meeting lodged with ASX on 17 October 2024, being "*Approval to issue MD Performance Rights to related party under the Employee Incentive Plan – Gerard Dyson*" will be withdrawn.

Investor questions

Questions related to this announcement should be lodged at the Spectur Investor hub and can be accessed at this link: https://investorhub.spectur.com.au/link/mep18r

Ends.

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

For further information, please contact:

Spectur Limited
Gerard Dyson – Managing Director
p: +61 (08) 9414 9059
e: investors@spectur.com.au

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 and manufacturer of security, surveillance, warning, environmental monitoring and AI solutions and platforms, 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. The Company fully owns the Three Crowns Technologies Limited and Spectur New Zealand Limited entities.

Spectur's core products are solar-powered warning, deterrence, surveillance, environmental monitoring and AI 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 or satellite technology to a cloud-based platform. The cloud platforms include data ingestors and repositories, workflow managers, reporting tools and AI solutions.

Spectur has 25 employees across Australia and New Zealand, with offices in Brisbane, Sydney, Melbourne, Adelaide, Perth and Auckland. The company services more than 600 active customers with close to 3,000 camera systems currently deployed.

The Company design, codes, manufactures, sells, installs and maintains our hardware and software technology – providing a single point of contact able to configure to suit customer needs.

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.