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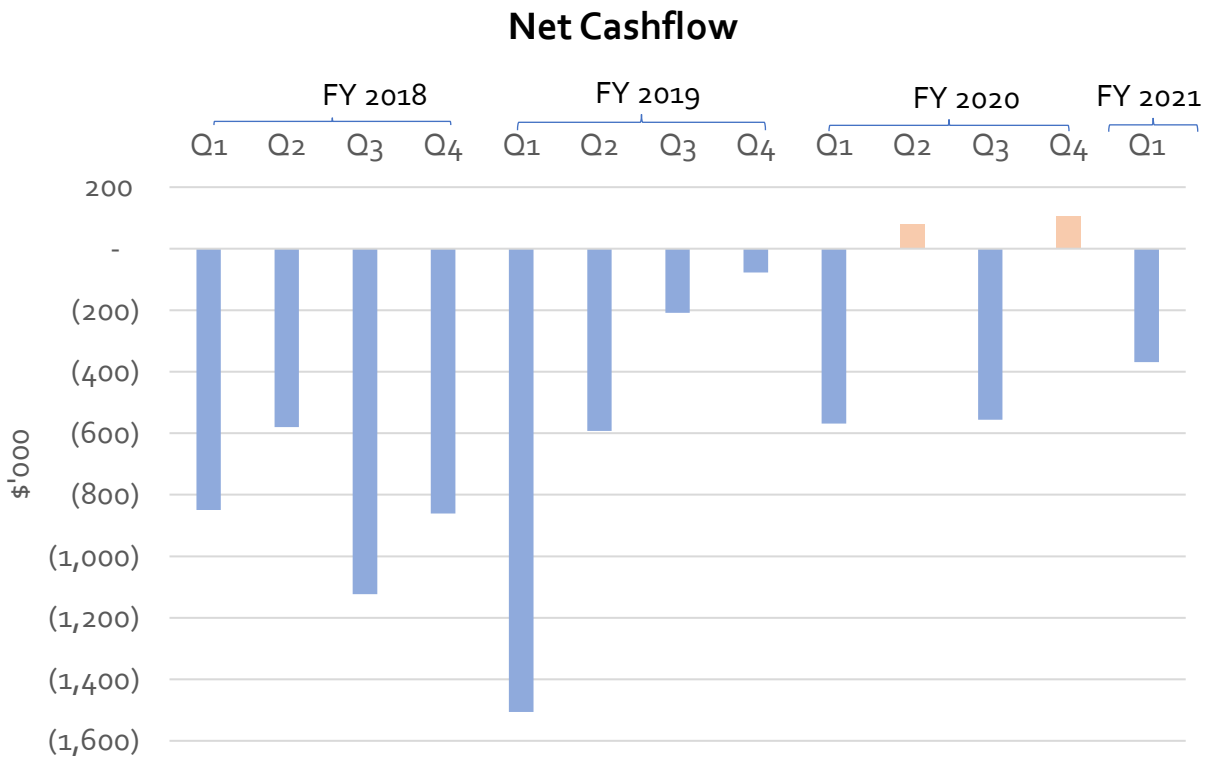
Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 19/10/2020

Highlights

- Month on month increase in revenue through Q1 FY21, with stronger sales into October
- Successful launch of latest generation STA6 platform with strong and growing demand
- Early success in major projects initiative through clients Certis Security, the WA Department of Communities and a major industrial
- Return to growth in rental revenue and ongoing progress with reseller initiative
- Step change in marketing with new website launched, digital marketing well advanced
- Strategic new additions to human capital
- Net cash consumption, excluding capital raising, of $369k for Q1 FY21, with $2.7m cash at bank at 30 Sept 2020

Monday 19 October 2020: 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 2020.



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Stable cash consumption in Q1 and strong balance sheet

As indicated during the Placement and Share Purchase Plan communications of Q1 FY21, Spectur raised cash for the purposes of fuelling growth and strengthening the Company's balance sheet for potential future M&A activity. Consistent with this message, Spectur returned to mild cash consumption as additional funds were deployed to drive growth.

The Company consumed $325k in operating cashflow during the quarter, retaining a strong balance sheet ($2.7m cash at bank at 30 September 2020). Spectur achieved quarterly revenue of $1.1m, demonstrating revenue increases from July ($320k), August ($360k) to September ($370k), with stronger forward orders for October and an expectation of sustainably positive growth. From 1 October 2020 Spectur will no longer qualifiy for COVID focused government wage support (JobKeeper).

With notable growth in the WA, Queensland and SA markets, the Company expects further positive recovery from the impacts of COVID restrictions in Victoria and NSW into Q2 and H2 FY21.

Successful launch of the new generation technology – STA6 platform

In Q1 FY21, Spectur launched its new and advanced STA6 technology platform. Fundamental improvements in the performance of this core platform relative to existing solutions has led to rapidly increasing demand, particularly from more sophisticated and institutional customers.



This premium offering has been well complemented with ongoing sales and rentals of the existing HD5 platform, broadening the base of offerings that Spectur can provide to the market.

The popularity of the new STA6 platform has necessitated an increase in staffing of the Spectur production unit to ensure ongoing supply. Demand for the core platform, in dual camera format in particular, has led a temporary delay in the roll out of the XS remote sensing model, whilst production is maximised in the area of current demand.

Spectur plans to release additional variants of the core STA6 platform in both hardware and software applications at a regular cadence over the design life. For example, in the current quarter the Company plans to deploy full motion 4K video and live two-way communications via microphone and speaker in the field.

Early success in major projects initiative

In recent announcements made at the start of FY21, a key growth platform was identified in the area of pursuing major projects. Spectur's implementation of a new outbound sales team with improved systems and processes has led to strong wins this quarter with larger projects, most notably with the new STA6 platform, but also with the HD5 system. Recent wins have included :

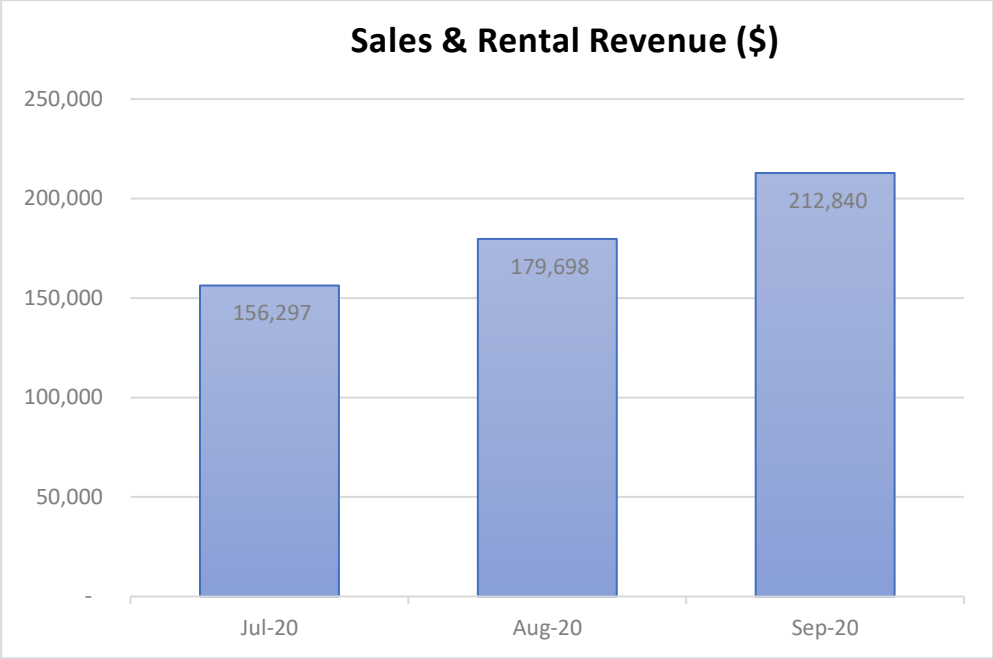
- Department of Communities WA, Challenger TAFE (13 month rental) $109k
- Certis Security: growing its rental fleet to 27 units in September, with an additional seven STA6 systems ordered in the first week of October, taking Certis' fleet size to 34.

- A 17-month rental contract for a major (Confidential) industrial customer for facility protection ($296k rental contract including thermal and optical camera solutions).

Spectur is pursuing a number of other outstanding tenders and will continue to improve its sales workflow to increase the contribution that larger order sizes bring to revenue.

Return to growth in the rental market

The impacts of restrictions due to COVID-19 resulted in a reduction in the Spectur deployed rental fleet, with a low point in July 2020. Since this time, and particularly in August and September, the fleet grew by 49 units to 291. The Company forecasts strong demand to continue for this higher gross margin revenue contributor.



Reseller channels are developing

Spectur continues to advance new reseller channel opportunities in Australia and New Zealand. Two shipments of units have been delivered to Spectur's channel partner in New Zealand, Deus-Ex, with a third expected to be shipped in October 2020. Training sessions, joint bidding and ongoing strategy development have continued with this partner and it is expected that this relationship will continue to grow.

The Company has also been exploring and developing additional reseller opportunities in Australia, targeting geographies where Spectur does not have a permanent presence. This framework has developed in Q1 and the Company is targeting and engaging potential partners in the current quarter.

Step change in marketing

Spectur and its partners have been working on the delivery of a new website as a key element of our new marketing effort, since Q3 FY20. This project has been completed and went live in October 2020 (www.spectur.com.au).

Upgrading the Company's website from the earlier 2015 version, in conjunction with the support from the new digital marketing partner, is expected to improve the success rate of both inbound and outbound sales and provide far greater consistency of brand experience for all users and stakeholders in Spectur.

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CORPORATE

Share Purchase Plan Raises $945k

Spectur closed its Share Purchase Plan (SPP) on 7 August 2020, taking oversubscriptions to successfully raise $945k. The Company saw a strong shareholder response to the SPP, with applications exceeding both the initially targeted and oversubscription amount. The successful SPP followed Spectur's completion of a Placement to sophisticated and professional investors of $567k.

Net proceeds of the Placement and SPP have provided important funding to accelerate adoption of the Company's new technology platform, drive sales through expanding channel partnerships and review potential M&A opportunities.

Growth in Human Capital

Q1 has seen a number of important additions to the Spectur team:

- Additional Sales Executives were added in July and August to the teams in Sydney and Melbourne.
- September saw the successful recruitment of a new Corporate Sales Director for Spectur, starting in October, to assume leadership of the sales team. The Sales Director has worked with and grown a number of businesses in executive roles, assisting with change management and scale up, and we welcome his input at this exciting time of Spectur's development.
- Spectur has engaged (on a part time basis) a highly experienced financial executive to support with preparing Spectur systems, processes and enterprise resource planning for anticipated growth in the business.

Partial roll-back in COVID-19 austerity measures

Based on review of performance in the last quarter and the improving sales pipeline, the Company chose to remove salary reductions, undertaken in response to market conditions, for a portion of the workforce on 1st October 2020. The balance of the organisation, including the Leadership Team, MD and Board, received a partial reinstatement, with a further review planned in response to business performance at the end of Q2, FY21.

M&A and Sales Advisor engaged

As described in the Use of Funds documentation provided to the market in July 2020, Spectur plans to pursue a strategy of organic and acquisitive growth (within our strategic framework). Following an extended discussion and negotiation period, Spectur in October signed a consulting agreement with a proven advisory group to provide key strategic sales and M&A support. Engaged on a fully contingent basis, these consultants are expected to drive additional sales in key target sectors as well as support and enhance the current Spectur M&A processes and activities.

Additional Disclosure under Listing Rule 4.7C.3 – Payments to Related Parties of an Entity

	$
Salary paid to Managing Director	56,000
Non-Executive director fees paid	15,333
Superannuation paid to directors	8,051
Total payments to related parties	79,384

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Executive commentary

Spectur Managing Director, Gerard Dyson, said:

"We're pleased to report that in a challenging COVID-affected market, we have returned to growth from the depths of H2 FY20 on the back of a range of advancing initiatives."

"Our hardware development and launch cycle has always been aggressive and thus we are pleased to see such promising early take up with the STA6 platform. Even before we point out to customers the new features we plan to add in future, the core performance and price point have both been well received. We have much to do and the reality of growth for an industrial hardware and software based company is linear, not step-wise. We are aggressively pursuing multiple avenues to drive adoption of our core security, surveillance, warning and time-lapse solutions as well as promoting broader interest in our developing range of extended applications.

"We hold a positive outlook for growth in FY21 and are encouraged to see a return to month on month growth in revenues, hardware sales and in our rental fleet."

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 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.

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