

Spectur Limited (ASX:SP3) Quarterly Activities Report

ASX Announcement | 22 January 2025

Highlights:

- Positive operating cash of \$287k for Q2 FY25.
- Spectur Group consolidated revenue was \$2.234m for Q2 FY25, up slightly on Q1 FY25 revenue of \$2.228m and 6% on Q2 FY24 revenue of \$2.098m.
- Recurring revenue for Q2 FY25 increased to \$1.581m for the Group, up 6% on Q1 FY25 recurring revenue of \$1.496m and 17% on Q2 FY24 recurring revenue (\$1.318m).
- Consolidated cash reserves at end of Q2 FY25 of \$869k.

Wireless sensing, thinking and acting solutions and platforms company Spectur Limited (ASX: SP3) ("Spectur" or the "Company") is pleased to report on its activities for the quarter ended 31 December 2024 (Q2 FY25 or the Quarter).

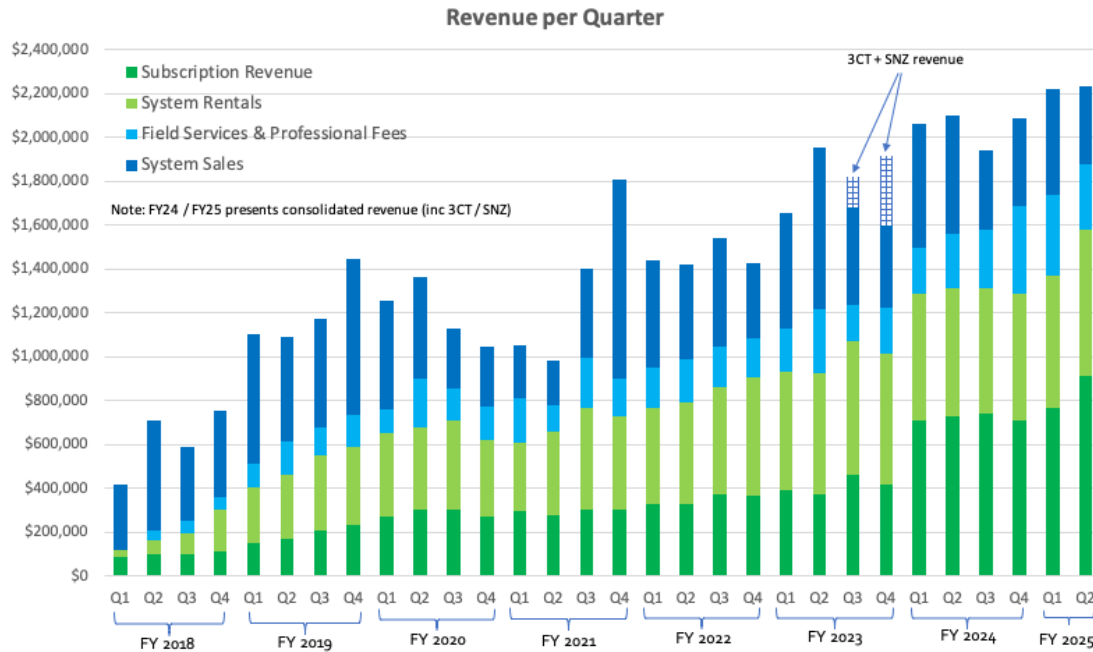
Q2 FY25 revenue performance

Spectur Group consolidated revenue performance is presented below, comparing the Quarter (Q2 FY25) with the Prior Quarter (Q1 FY25) and the Prior Corresponding Period (PCP, Q2 FY24).

Revenue	Q2 FY25	Prior Quarter, Q1 FY25	PCP, Q2 FY24
Total Revenue	\$2.234m	\$2.228m	\$2.102m
Recurring Revenue	\$1.581m	\$1.496m	\$1.318m

Note that recurring revenue increased by 17% compared with the PCP and 6% from the Prior Quarter. It is also noted that Guard Services revenue (\$102K for the Quarter) is now included in recurring revenue as this income stream is stabilising and becoming more substantial. Prior to this Quarter, occasional guard services revenue was included in Field services revenue (point in time revenue).

The annualised run rate for recurring revenue based on Q2 FY25 performance is \$6.324m.



Cashflow and Cash Balance

Cashflow from operating activities

\$287k of net cash was generated by the Group during operations in the Quarter and \$34k for the half.

Cash flows from operating activities	Q2 FY25 \$A'000	PCP, Q2 FY24 \$A'000	Prior Qtr, Q1 FY25 \$A'000	Movements \$A'000	
				Q2 FY24 to Q2 FY25	Q1 FY24 to Q2 FY25
Receipts from customers ^{Note 2}	2,531	2,692	2,602	(161)	(71)
Payments for					
(a) research and development	(15)	(13)	(11)	(2)	(4)
(b) product manufacturing and operating costs ^{Note 4}	(775)	(950)	(1,228)	175	453
(c) advertising and marketing	(75)	(54)	(60)	(21)	(15)
(d) staff costs ^{Note 3}	(1,415)	(1,140)	(1,087)	(275)	(328)
(e) administration and corporate costs ^{Note 5}	(212)	(277)	(355)	65	143
Interest and other costs of finance paid	(38)	(43)	(28)	5	(10)
GST paid	(60)	(136)	(86)	76	26
Government grants and tax incentives	346	440	0	(94)	346
Net cash from operating activities^{Note 1}	287	519	(253)	(232)	540

- **Note 1:** Positive operating cash was delivered in Q2 and H1 (overall \$34k for H1).
- **Note 2:** Cash receipts declined as no significant advance payments were received compared to prior periods (however note that total revenue increased)
- **Note 3:** PAYG costs from Q1 were paid early in Q2, and henceforth Spectur is paying PAYG tax on a fortnightly basis (hence Q2 PAYG was also paid in Q2, resulting in some amount of “double-up”. It is expected that quarterly PAYG payments will be below \$300k per quarter going forward.
- **Note 4:** Product manufacturing and operating costs declined compared to the Prior Quarter as significant forward investment in stock and componentry occurred in Q1.
- **Note 5:** Admin and corporate costs were lower than the Prior Quarter as Q1 included one-off staff exit costs. Overall costs were lower than PCP due to the reductions in operating costs that were implemented over the preceding 12 months.

Noting that ongoing cash saving in staff costs were only partly realized in Q2 and were partly offset by redundancy and leave payout costs. It is expected that further reductions in staff costs will materialise in Q3, with the full benefits realised in Q4.

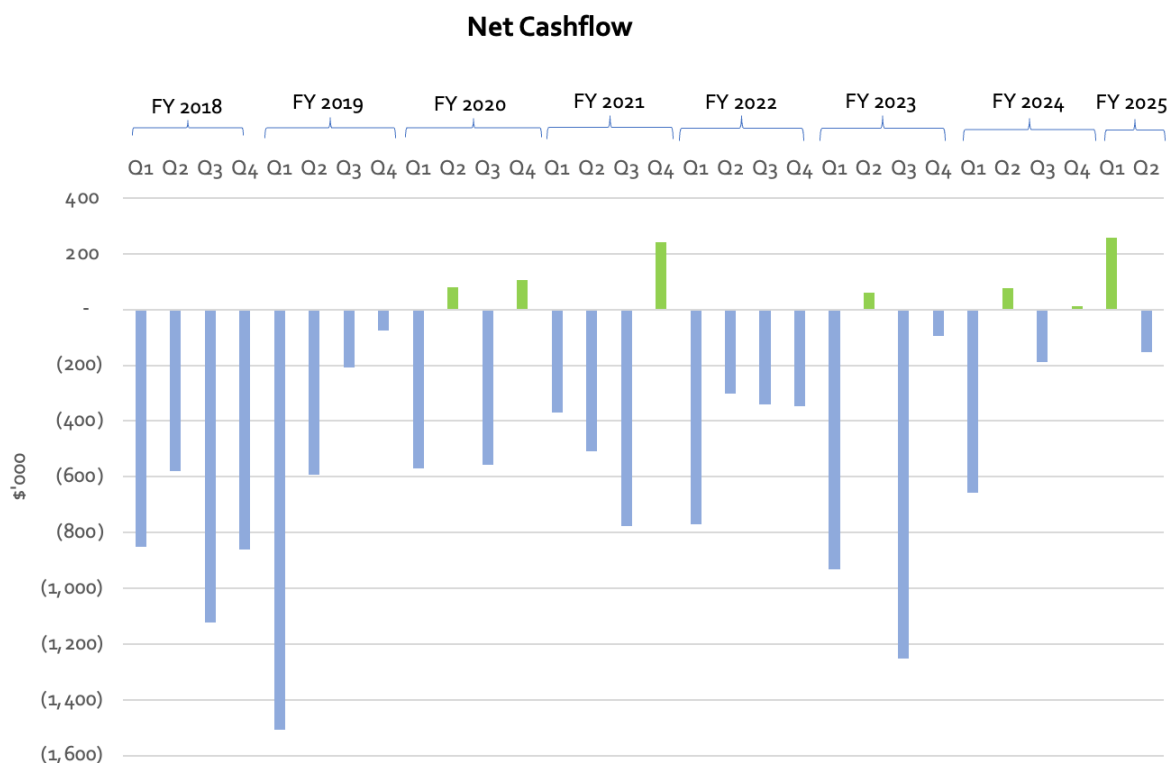
Cashflow from investing activities

Investments in rental stock declined relative to the Prior Quarter, resulting in net cash outflow of \$85k for the Quarter.

Cashflow from financing activities

Spectur repaid the Radium Capital R&D loan in full during the Quarter, along with minor repayments of vehicle and insurance financing. The Company does not have any structural debt at this time.

The chart below illustrates quarterly net cashflows over time.



Net cash decrease across the Group was \$154k for the Quarter with a consolidated cash balance of

\$869k at 31 December 2024.

Cost reduction activities

In the Quarter Spectur undertook a review of costs relative to revenue, along with a conservative assessment of likely sales and timing over the balance of FY25. In response to this review, and considering improvements in productivity, simplicity and stability in the core Spectur technology, certain staff restructure and cost reduction measures were implemented.

The nature of some of the cost reductions - including property leasing costs, rationalisation of software licenses and staff exits meant that there was (and continues to be) a delay in the full realisation of the suite of cost reduction measures. It is expected that all payroll savings will be realised by March 2025, with property leases and software license cost savings fully realised prior to the end of the financial year.

As planned, and per previous guidance, the cost reductions are expected to result in future positive EBITDA results based on the H1 revenue run rate and sales orders currently in hand. Any additional growth in revenues in H2 FY25 will deliver incremental gross margin to the bottom line.

Executive commentary

Spectur Interim CEO, Anthony Schmidt, said:

“The business is expected to move to a more consistently profitable status in Q3 of FY25, marking the end of a longer-than-planned strategic transition from a growth focus to a profit and positive cashflow focus. The expectation is that with the lower operating cost base and ongoing revenue growth, the business will deliver consistent profits that can be used in the future to accelerate growth in accordance with the Company’s strategy.”

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

	\$
Salary Paid to Managing Director	87,360
Non-Executive Director Fees Paid	18,900
Superannuation Paid to Directors	14,527
Total Payments to Related Parties	120,787

Ends.

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

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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 nearly 30 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.

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