



# **Spectur Limited**

ACN 140 151 579

## **Annual Financial Report 30 June 2022**

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## Content

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Corporate Information	3
Managing Director's Review	4
Directors' Report	8
Remuneration Report	14
Auditor's Independence Declaration	24
Statement of Profit or Loss and Other Comprehensive Income	25
Statement of Financial Position	26
Statement of Changes in Equity	27
Statement of Cash Flows	28
Note 1: Basis of Preparation	29
Note 2: Significant Accounting Policies	30
Note 3: Significant Accounting Estimates and Judgements	38
Other Notes to the Financial Statements	40
Directors' Declaration	60
Independent Auditor's Report	61
Additional Securities Information	65

### Directors

Mr Darren John Cooper  
Dr Gerard John Dyson  
Ms Bilyana Smith

### Company Secretary

Mrs Suzie Jayne Foreman

### Registered Address and Principal Place of Business

12 Fargo Way,  
Welshpool, WA 6106  
Telephone: 1300 802 960

### Solicitors

Blackwall Legal LLP  
Level 26, 140 St Georges Terrace,  
Perth, Western Australia 6000

### Bankers

ANZ Bank  
127/816 Beeliar Drive  
Success, WA 6164

### Auditors

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth, WA 6000

### Share Registry

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth, WA 6000

GPO Box 5193, Sydney, NSW 2001  
Telephone: 1300 288 664 (within Australia)  
Email: hello@automic.com.au

# Managing Directors' Review

## Managing Director's Review

### Overall Performance

FY22 was a year which demonstrated the resilience of our business against a wide set of external challenges which we outline in this report. We are delighted to report continued sales and revenue growth in a challenging environment, with sales momentum picking up significantly in the latter months of the year and continuing into the first months of Q1 FY23.

### Market Conditions

Market conditions in H2 FY22 were substantially different than those in H1 FY22, with material impacts related to:

- Ukraine-Russia conflict
- A change of Federal government
- Rapidly rising interest rates and an increasingly inflationary environment
- A decline in the overall performance of the share market
- Further tightening in an already restricted labour market
- The spread of COVID-19, via the Omicron variant, into Spectur's largest market at this time, Western Australia
- Ultimately, the lowering of restrictions related to lockdowns, masking and vaccination along with greater freedom of travel

The former factors combined to create some uncertainty and delay in purchasing, compared to renting Spectur solutions, which was most prevalent in Q4 FY22. The latter factors created some restraint in Q3 FY22, mostly in Western Australia.

These restrictive market factors have now either declined, passed or been accepted by the market. The reduced availability of construction materials due to supply chain issues is leading to an increase in theft which, along with the removal of restrictions on liberty, is leading to a general increase in crimes against property in our sectors. These factors drive demand for the security solutions that Spectur provides.

An overall increase in market sensitivity to risk has led to ongoing demand for safety and warning solutions that resulted in additional sales and a growing pipeline of beach warning systems. These sales continued in Q1 FY23 and are expected to increase as summer months approach.

### Revenue from Operations

For FY22 Spectur reported revenue of \$5.83 million, up 11% on FY21 of \$5.25 million and up 21% on FY20 of \$4.80 million. Given the market headwinds described above, this performance was very pleasing. Noting that the government restrictions related to COVID have declined, federal elections have passed, and the market and economy are adjusting to inflation, interest rates, labour restrictions and even European conflict, market restraints are expected to lessen in FY23.

Comparing FY22 in more detail with FY21 provides additional insights to the trends across the four key revenue streams within Spectur:

Revenue	FY22 \$'000	FY21 \$'000	% Increase
System Sales	1,757	1,762	0%
Field Services	742	721	3%
Subscriptions	1,397	1,188	18%
Rentals	1,932	1,578	22%
<b>Total</b>	<b>5,828</b>	<b>5,249</b>	<b>11%</b>

Up until Q3 FY22, systems sales results were 26% up on Q3 FY21 YTD results. The relatively flat full year System Sales performance can largely be related to a comparison between System Sales in Q4 FY22 (\$342k) and Q4 FY21 (\$909k). In Q4 FY21 the very large sales with Optus and Surf Life Saving underpinned a record quarter of performance. Coincidentally, eastern states were coming out of lockdown and there was no sign of the Delta Covid variant (or Omicron). This is contrasted with Q4 FY22 where the effects of COVID Omicron in WA, government elections (and consequent delays to purchasing), the Ukraine conflict and rapidly increasing inflation and interest rates were most impactful.

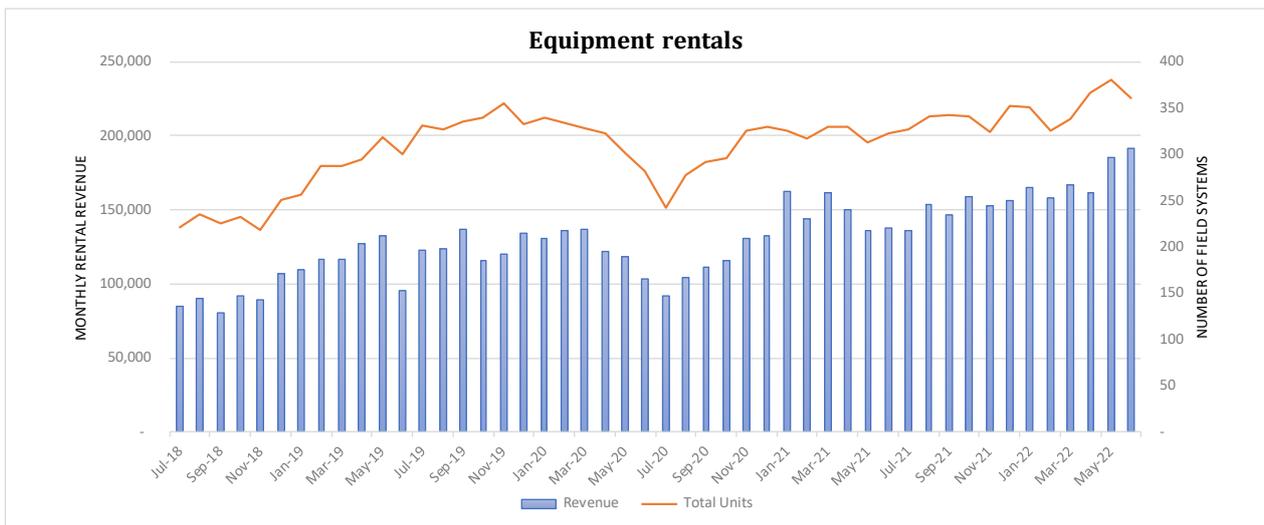
Currently there are more than 2,500 camera sensors active within the Spectur ecosystem, each requiring Spectur software services, and potential requirements for relocation, maintenance, or field services.

# Managing Directors' Review



The charts above show the ongoing strong growth of Spectur’s recurring revenue streams (Rentals and Subscription). This growth in recurring revenue is due to the incremental size of the fleet and the increasing value of the items in that fleet. Nearly a third of all rentals in the deployed Spectur fleet are now STA6 models having up to four cameras, edge AI and other higher value features. Similarly, the subscription portions allocated to the higher value STA6 models are also providing additional revenue growth.

The chart below of equipment rental revenue and units deployed also demonstrates stronger growth in revenue than pure number of units, also consistent with an increase in average rental value per unit.

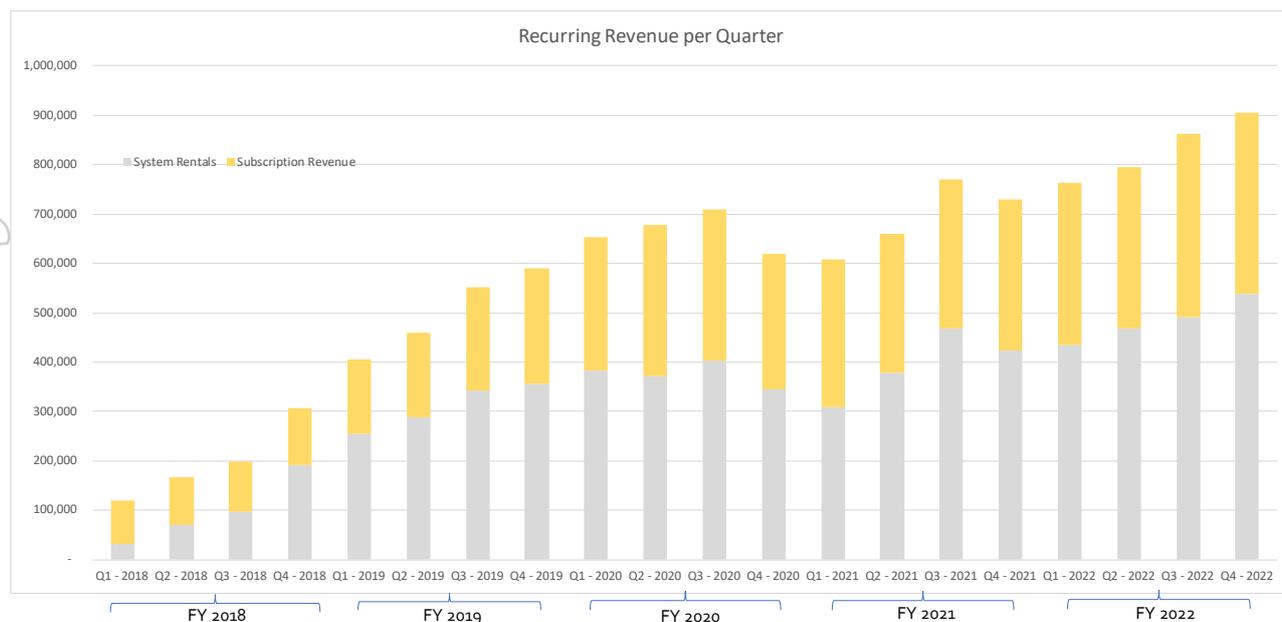


The Spectur sales pipeline includes a number of larger sales opportunities. Many of these were delayed during Q4 FY22 and are shifting to, or converting, in Q1 FY23. It is expected that a return to strong growth in sales of systems will occur in H1 FY23.

Annual recurring revenue (ARR) for FY22 was \$3.33 million. Annualised subscription run rates based on June 2022 deployments, which include data plan, server access and monitoring services, were approximately \$1.5 million per annum, with rental run rates at approximately \$2.3 million per annum – totalling a recurring revenue run rate of approximately \$3.8 million per annum as we entered FY23.

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# Managing Directors' Review



The Table below demonstrates ongoing cost control and improvement in overhead expenses within Spectur.

## Expense performance

Expense	FY22 \$'000	FY21 \$'000	% Increase
Finance charges	87	17	412%
Employee and Admin	4,433	4,467	-1%
Share-based payments	124	167	-26%
Other expenses	828	926	-11%
<b>Total</b>	<b>5,472</b>	<b>5,577</b>	<b>-2%</b>

Notwithstanding that finance charges have increased, largely in relation to the EGP credit facility, it is notable that overall expenses have still reduced for FY22, in a very inflationary macro-environment.

Challenges with the supply chain and rapid increases in input costs have placed some pressure on gross margin, which has declined from 60% to 55%. The primary sources of these cost increases have been in material costs, including an increase in sheet metal cost of more than 30% (for example). Secondary costs have related to increases in data and cloud costs. Projects underway are expected to improve margin, including ongoing engineering on the next generation of products (discussed further below), combined with price increases. Regardless of these pressures the adjusted EBITDA loss improved by 14%, to -\$1.49m for FY22 compared to -\$1.74m for FY21. (Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, one off income / expenses (including COVID-19 relief) and share-based payments).

## Debt facility utilised

Spectur obtained a \$1.5m debt facility from our largest shareholder EGP Capital, in H2, FY21. This facility was drawn down by \$700k in FY22. At the 30 June 2022 balance date, combined debt and cash facilities of \$1.4m remained available. In Q1 FY23 additional equity capital was raised. With this additional cash obviating the need for additional debt, the debt facility was lowered to \$1.1m to reduce ongoing line fee costs.

## Technology advances

Spectur mitigated componentry shortages of key Spectur technology, directly impacted by supply chain issues, through re-design and ongoing improvement by our in-house electronics and software engineers. These efforts did detract from advancing the Company's research and development plans; however the priority was to ensure that Spectur maintained continuity of revenue-linked supply throughout the period.

Spectur also invested in additional inventory and key componentry, to manage these supply chain challenges which are expected to continue into 2023.

## Managing Directors' Review

In addition to supporting existing technology, Spectur completed initial designs and moved to prototype development of our modular power platform, including key considerations of industrial design. This solution combines solar power generation, power storage, power management and telemetry in an integrated module, suitable for use by multiple Spectur and external platforms.

The modular power development also brings the transition to lithium battery solutions, away from commonly used lead-acid batteries. These lithium batteries, which were deployed in select trial locations late in FY22, bring increased product life, lighter weight, and improved power charging and performance. Transition to this type of solution allows a material change in form factor for Spectur solutions as well as allowing substantially improved reliability, reduced cost of maintenance and improved margins.

Modularity underpins the longer term Spectur hardware and software architecture, to enable interchangeability with internal and 3rd party technology allowing a rapid and reliable response to customer needs.

To further enhance modularity for customers, concepts for the STA7 and STA6 update (STA6s) were developed and key electronics hardware and firmware advanced. This evolution of the STA6 to the STA6s and ultimately the STA7 will allow for easier external and third-party camera integration as well as simplifying production and maintenance. The STA7 platform is designed to suit simpler assembly and setup by third parties, allowing for extended reseller channels and the potential for online sales to be realised. This platform is also designed to suit outsourced and offshore manufacture of non-core components.

### Sales and Marketing growth

Spectur continues to build on the sales and marketing strategies deployed over the last three years. Combining an in-house sales team for outbound sales, account management and conversion of marketing-led inbound leads has underpinned ongoing growth in otherwise difficult markets.

At the end of FY22, Spectur's unweighted pipeline of sales was \$8.35m (and has grown to in excess of \$10m in Q1 FY23), with a probability weighted pipeline of \$3.35m (now exceeding \$4m in Q1 FY23). This compares with \$4.65m (unweighted) and \$1.81m (weighted) at the end of FY21. The ongoing growth of the unweighted and weighted pipelines into FY23 underpin further revenue growth expectations for FY23.

Larger "live" opportunities include major utilities, larger construction alliances, local and state government contracts and some international prospects. Whilst revenues continue to be biased towards our core security and surveillance solutions, an increasing volume of high margin, lower competition opportunities in safety and warning solutions are growing in the pipeline and materialising into revenues.

### Enterprise Resource Planning roll out

A core objective for Spectur in FY22 was the commencement and implementation of a new Enterprise Resource Planning (ERP) tool. Spectur is pleased to announce that the roll out of Microsoft Dynamics is nearly complete, with a number of core elements now in operation. This integrated platform is replacing multiple manual and less-integrated tools across finance, payroll, manufacturing, service, sales and rental modules to provide a scalable, efficient platform for Spectur's future growth. Ongoing integration of the Spectur technology platform into Dynamics will continue into FY23.

### Spectur New Zealand update

The 51:49 joint venture between Spectur Limited and Deus-Ex in New Zealand commenced 18 months ago in difficult COVID-impacted circumstances. Careful management of costs by both parties enabled the business to continue to operate until late in 2021, when a full time Sales Executive was engaged, substantially building the pipeline of work and revenues into the organisation. Ongoing investments in business infrastructure that are expected to continue into FY23 will underpin the long-term presence and success of Spectur in New Zealand, as well as forming an extremely useful platform for pre-testing elements of a more challenging USA entry strategy planned for the future.

### Future Updates

We intend to provide regular updates to shareholders throughout FY23. To stay up to date on company news and announcements, [register your details](https://spectur.investorportal.com.au/stay-up-to-date/) on the Spectur investor portal at <https://spectur.investorportal.com.au/stay-up-to-date/>.



Gerard Dyson  
Managing Director

# Directors' Report

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") for the year ended 30 June 2022.

## Directors and Officers

The names of directors and officers who held office during or since the end of the year and until the date of this report are as follows.

Darren John Cooper	Non-Executive Chairman
Gerard John Dyson	Managing Director
Bilyana Smith	Non-Executive Director
Suzie Jayne Foreman	Company Secretary

## Current Directors and Officers

<b>Mr Darren John Cooper</b>	<b>Independent Non-Executive Chairman</b>
Qualifications	B.Bus (Curtin), Masters of Applied Finance (Macquarie), Australian Institute of Company Directors graduate.
Length of Service	3 years, 11 months
Experience	Darren Cooper spent in excess of 20 years with various companies in management and senior executive roles. Darren now holds a number of Board and Strategic Advisory roles across a range of industries including government, property, construction and training & labour hire. He is also an investor in and director of a range of technology & media-based start-up businesses.
Special Responsibilities	Chairman of the Remuneration and Nomination Committee
<b>Gerard John Dyson</b>	<b>Managing Director</b>
Qualifications	B.Eng (Hons, Civil), B.Com (Mgmt, Mktg), PhD (Geotechnical Engineering) from the University of Western Australia, Adv Dip Bus from Federation University, Graduate of the Australian Institute of Company Directors.
Length of Service	3 years as Managing Director
Experience	Gerard Dyson is a seasoned Managing Director and prior to joining Spectur held the role of Executive Vice President and Regional Managing Director, Americas for Advisian, a global consulting and advisory firm of Worley Limited (ASX:WOR), from 2015 to 2018. Dr Dyson has held a number of global, regional and local roles in Australia, USA, Canada, Latin America, Asia and the Middle East, including as Group Managing Director, Infrastructure in 2014 to 2015 and Director of Consulting, Australia & New Zealand from 2011 to 2014. Dr Dyson has also led sales teams, developed and implemented strategy and has strong experience in infrastructure, environment, mining, power and chemicals sectors.
Special Responsibilities	N/A
<b>Ms Bilyana Smith</b>	<b>Independent Non-Executive Director</b>
Qualifications	MBA from University of Sydney, Bachelor of Architecture, Australian Institute of Company Directors graduate (GAICD).
Length of Service	2 years 11 months
Experience	Bilyana has extensive international experience as a company director, CEO, investor and strategic advisor. She is Non-Executive Director and member of the Remuneration and Nomination Committee member with Spectur. Also, Board Director with Fishburners Ltd, Senior Advisor with First Home London, she runs her own advisory practice specialising in business strategy, innovation and marketing. Bilyana holds MBA from the University of Sydney, Bachelor of Architecture and is a graduate of the Australian Institute of Company Directors graduate (GAICD). She lives in Sydney.
Special Responsibilities	Remuneration and Nomination Committee member

# Directors' Report

## Directorships of other listed companies

Directorships of other listed companies held by directors currently and in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr Darren John Cooper	The GO2 People Limited	28 July 2017 – current
	Netcentric Limited	1 Sept 2020 - current
Dr Gerard John Dyson	-	-
Ms Bilyana Smith	-	-

## Company Secretary for the reporting period

### Mrs Suzie Jayne Foreman

#### Company Secretary

**Qualifications:** B Comm (Econs), CA, FGIA.

Ms Foreman is a Chartered Accountant and Governance Institute Fellow member, with over 20 years of experience within the UK and Australia, including 11 years combined experience with a Big 4, and a boutique advisory firm, specialising in the areas of audit and corporate services. Ms Foreman has extensive experience in senior management roles including as a Chief Financial Officer and Company Secretary for a range of ASX listed entities from ASX top 300 tier entities to start-up enterprises. Ms Foreman is skilled in cash flow, governance and enterprise risk management, financial reporting, audit, and company secretarial work. Suzie has been involved in the listing of over 15 entities on the Australian Securities Exchange over the past 20 years and involved in capital raisings and M&A transactions exceeding \$300 million in total.

Ms Foreman has previously held numerous Company Secretarial, Non-Executive Directorships, and/or Chief Financial Officer positions for ASX listed entities and is the Company Secretary of NickelSearch Limited (ASX:NIS), The GO2 People Ltd (ASX:GO2) and Swift Networks Group Limited (ASX:SW1).

## Principal activities

The principal activity of the Company during the year was to develop, manufacture and sell remote sensing, thinking and acting solutions powered by solar and using the IoT [Internet of Things], camera and cloud-based technology.

## Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

## Significant events during the year

### Long Term Incentives - Performance Rights

2,083,333 Performance Rights were allocated and issued to the Managing Director, following shareholders' approval under the Company's Employee Incentive Scheme (Scheme) as long-term incentives.

The Performance Rights were issued for nil cash consideration, with vesting subject to the satisfaction of performance conditions set by the Board, with the final quantum awarded to be determined on the vesting and measurement date of 30 June 2023. Refer to Section E of the Remuneration Report for the details of the performance conditions.

### Incentive Options

In recognition of the continued dedication of the key management and senior employees of Spectur, in particular during FY20 and FY21, throughout periods of Company imposed salary reductions, the Board issued:

- 2,200,000 unquoted Options to members of Spectur's key management personnel (other than Directors) under the Scheme, exercisable at \$0.10, on or before 30 June 2024
- 2,100,000 unquoted Options to Directors under the Scheme, exercisable at \$0.13, on or before 30 June 2024.

### Loan Facility

Spectur entered into a binding loan facility (Facility) for A\$1.5 million with its largest shareholder EGP Capital (Lender) during the prior year, with draw down occurring in financial year FY22. The Company issued 2.25 million unquoted options to EGP (or its nominee) as part of the transaction cost for the use of the Facility. The options are exercisable at \$0.12, on or before 31 December 2023.

Subject to obtaining the necessary shareholder approvals Spectur may, at its election, elect to repay all or part (in multiples of \$100,000) of the outstanding amount under the Facility in the form of fully paid ordinary shares in lieu of cash. Each share will be issued at a 20% discount to the 30-day volume-weighted average price of Spectur shares traded on ASX leading up to the repayment date. The Facility maximum and associated line fee was reduced by mutual arrangement post the financial year end (refer to Subsequent events after the reporting date).

# Directors' Report

## Employees

The Company had 27 employees as at 30 June 2022 (2021: 31 employees).

## Loss per share

	30 June 2022	30 June 2021
Basic loss per share (cents per share)	(1.8)	(1.7)

## Subsequent events after the reporting date

### Capital Raising

On 19 July 2022, Spectur announced the closure of a placement raising \$1.862 million at \$0.036 per share (with one free attaching Bonus Option for every two New Shares subscribed) and launched a Securities Purchase Plan (SPP) and Shortfall Offer to raise a targeted \$500,000, with capacity to accept oversubscriptions for up to \$1.15m. The SPP and Shortfall Offers were at \$0.036 per New Share, together with one free attaching Bonus Option for every two New Shares subscribed, exercisable at \$0.066 per Option, on or before 7 September 2024.

The SPP and Shortfall Offer closed raising \$1.15 million, strongly supported by shareholders. The Placement, SPP and Shortfall Offers were subject to shareholder approval, which was obtained at a General Meeting of the Company held on 7 September 2022.

The funds from the Placement, SPP and Shortfall Offers will be deployed to accelerate the growth of the business towards EBITDA and cash breakeven, and in particular funds will be applied to:

- finance market expansion across South and regional Australia;
- engineering to suit 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.

Reach Corporate Pty Ltd were engaged as lead manager to the offer and were issued 1,500,000 Lead Manager Options, at an issue price of nil, exercisable at \$0.066 on or before 7 September 2025, for their role as lead manager, and successful completion of the Offer.

### Modified Loan Facility

The EGP Capital Loan facility was drawn to \$700k at the close of FY22. After this date, an additional \$400k was drawn in July 2022. Following the Capital Raising mentioned above, the limit of the facility was reduced from \$1.5m to \$1.1m and the associated line fee was reduced by mutual arrangement.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2022 which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

### Cancellation of Performance Rights

A total of 2,917,695 FY20 and FY21 Performance Rights were cancelled on 1 July 2022, due to the vesting conditions no longer being attainable due to cessation of employment.

## Laws and Regulations

Spectur's operations are subject to various laws and regulations under the relevant government legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve the objectives of the Company. Instances of non-compliance by an operation are identified either by internal investigations, external compliance audits or inspections by relevant government agencies. There have not been any known breaches of laws and regulations by the Company during the year and up to the date of this report.

## Indemnification and Insurance of Officers

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

The Company has a Directors and Officers insurance policy in place.

# Directors' Report

## Directors' meetings

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

Director FY22	Directors' meetings		Remuneration Committee meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Darren Cooper	13	13	1	1
Bilyana Smith	13	13	1	1
Gerard Dyson	13	13	-	-

## Securities on issue

Total shares, options and performance rights of the Company on issue as at the date of this report are as follows:

Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance rights
189,983,434	49,889,035	7,661,782

Directors' holdings of shares, options and performance rights during the financial period have been disclosed in the Remuneration Report. Option or performance rights holders do not have any right, by virtue of their option / performance rights, to participate in any share issue of the Company.

## Shares under option or issued on exercise of options

At the date of this report, unissued ordinary shares or interests of the Company under option are:

Type	Number of shares under option	Exercise price of option	Expiry date of option
Unlisted	2,200,000	\$0.10	30 June 2024
Unlisted	2,100,000	\$0.13	30 June 2024
Unlisted	2,250,000	\$0.12	31 December 2023
Unlisted	41,839,035	\$0.066	7 September 2024
Unlisted	1,500,000	\$0.066	7 September 2025
<b>Total</b>	<b>49,889,035</b>		

There were no shares issued during the year as a result of an exercise of Options.

## Performance Rights

As at the date of this report, the following performance rights (PRs) in the Company were on issue.

Type	Date of Expiry	No. of Performance Rights on Issue	Vesting Conditions
Employee LTI Issued FY21	12 months from reporting of the Company's audited FY23 financial statements	3,643,868	Earnings per share (75%) and total shareholder return (25%) weighted targets.
Employee LTI Issued FY22	12 months from reporting of the Company's audited FY23 financial statements	4,017,914	Revenue (50%) and EBITDA (50%) weighted targets.
<b>Total</b>		<b>7,661,782</b>	

## Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

# Directors' Report

## Future Developments

The core vision for Spectur is around making communities safer, with a focus on remote and unpowered areas where Spectur can provide a surveillance, warning solution, or otherwise helpful AI platform that can spot a problem, make a decision and take an action without a cabled connection.

The key elements of the strategy to deliver this mission include:

- **Focused sales expansion.** Spectur will continue to shift the focus of the business away from commodity products and markets and towards areas where the unique technology platform provides high value solutions, for customers that value those solutions. This has meant a shift in emphasis from building, particularly residential homes, towards government, utilities and related institutions whilst maintaining a strong position in the larger building and construction markets. This market is expected to expand to include an increasing portion of resellers or dealers that will be intermediaries to end customers. Key tactics in the coming period are:
  - Expansion of the sales footprint in Australia and New Zealand
  - Ongoing development of reseller relationships
  - Market entry studies into the USA
  - Ongoing expansion of "blue ocean" markets such as beach warning solutions
  - Expansion and maturation of the marketing platform.
- **Technology for today and tomorrow.** Spectur has evolved from a start-up into a rapidly scaling business. To support the growth in the organisation and underpin the platforms and solutions that are being offered to customers, the following tactics are being deployed in the coming period:
  - Institutionalising the product development process. Through key senior hires in the Research and Development Team, structured implementation of state-of-the-art product development systems, engagement of industrial designers and the building of processes, Spectur is assembling a technology platform suitable for high growth.
  - Development of core elements of a modular platform. Moving to a more modular hardware and software platform allows efficient mixing and matching of power systems, platforms, cameras, other sensors and action elements. This allows very cost effective, yet reliable and simple to implement customisation to suit customer needs at an attractive price point.
- **Production scaling.** Closely related to the other two strategy elements, Spectur is building internal and partner relationships suitable for scaling production of hardware as well as software and cloud elements. Future modular platforms will combine:
  - Core, inhouse designed and manufactured elements
  - Inhouse designed but externally prefabricated elements, that can potentially be manufactured close to end customers or in low cost locations to suit.
  - 3<sup>rd</sup> party technology that can be incorporated into the system in a modular fashion.The core cloud software platform and associated device embedded firmware will similarly be designed and assembled for scaling as well as modularity.

These three key elements, combined with ensuring the business is appropriately capitalised to cross the gap between profitability and loss, underpin the Spectur growth strategy.

## Diversity

The Company believes that the promotion of cognitive and experiential diversity on its Board and within the organisation generally is good practice and is committed to managing diversity as a means of enhancing the Company's performance. The Company has two Officers / Directors who are female, Bilyana Smith (Non-Executive Director) and Suzie Foreman (Company Secretary). Cognitive & experiential diversity is achieved as follows:

Name	Role	Areas of Strength
Darren Cooper	Board Chair	Property, finance, significant ASX experience
Gerard Dyson	Managing Director	Engineering, leadership & management of scaled organisations, international (US, Canada, Asia, Middle East, UK) experience
Bilyana Smith	Non-Executive Director	Marketing, start-up / scale-up companies
Suzie Foreman	Company Secretary	Compliance, accounting, significant ASX experience

Further information is set out in the Corporate Governance statement detailed on the Company's website.

## Directors' Report

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### Non-audit services

No non-audit services were provided by the Company's auditor, HLB Mann Judd during the year.

### Auditor independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 24 and forms part of this Directors' report for the year ended 30 June 2022.

### Director's interests

#### Interests in the shares, options and performance rights of the Company and related bodies corporate

The following relevant interests in shares and options and performance rights of the Company or a related body corporate were held by the Directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance rights
Darren John Cooper	3,437,258	966,690	-
Bilyana Smith	1,582,947	916,667	-
Gerard John Dyson	2,217,734	1,377,777	5,385,220
<b>Total</b>	<b>7,237,939</b>	<b>3,261,134</b>	<b>5,385,220</b>

# Remuneration Report (Audited)

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## Remuneration Report Contents

- A. Introduction**
- B. Remuneration governance**
- C. Remuneration policy framework**
- D. Remuneration structure and link to business strategy**
- E. Executive remuneration framework and overview of incentive plans**
- F. Link between performance and remuneration outcomes**
- G. Non-executive Directors' remuneration**
- H. Executive service agreements / remuneration**
- I. Additional statutory disclosures**

# Remuneration Report (Audited)

## A. Introduction

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel (**KMP**) of Spectur Limited for the financial year ended 30 June 2022. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

For the purposes of this report KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. For FY22 it was deemed that only the Managing Director qualified as executive KMP for the purposes of this report.

### Key Management Personnel (KMP)

The KMP of the Company during or since the end of the financial year were as follows:

	Position	Period of Employment (to present)
<b>Current Directors</b>		
Mr Darren John Cooper	Non-Executive Chairman	Full Term
Dr Gerard John Dyson	Managing Director (Executive)	Full Term
Ms Bilyana Smith	Non-Executive Director	Full Term

The Spectur Board is committed to transparent disclosure of its remuneration strategy and this report details the Company's remuneration objectives, practices and outcomes for KMP, which includes all directors, for the period ended 30 June 2022.

## B. Remuneration Governance

Spectur Board	
Overall responsibility for ensuring Spectur's remuneration strategy is aligned with Company performance and shareholder interests and is equitable for participants. Reviews, and as appropriate, approves recommendations from the Company's Remuneration and Nomination Committee ( <b>RNC</b> ).	
Remuneration and Nomination Committee (RNC)	
Monitors, recommends and reports to the Board on: <ul style="list-style-type: none"><li>➤ The remuneration policies and framework;</li><li>➤ Non-Executive Director remuneration within the fee pool approved by shareholders;</li><li>➤ Remuneration for the Managing Director, and equity-based compensation for the leadership team and other key management personnel as recommended by the Managing Director;</li><li>➤ Managing Director incentive arrangements;</li><li>➤ Board remuneration including terms and conditions of appointment and retirement;</li><li>➤ Induction of new non-executive directors and evaluation of board performance.</li></ul>	The RNC may use independent advisors to provide advice, remuneration benchmarking data and market trend information. No external advisors provided advice or remuneration recommendations for FY21, as defined under section 300A of the Corporations Act.
Managing Risk	
The board retains discretion to adjust STI outcomes. All variable remuneration is subject to Board approval prior to grant / payment.	

The members of the RNC currently are:

- Committee Chair – Darren Cooper
- Committee Member – Bilyana Smith
- Committee Secretary – Suzie Foreman

# Remuneration Report (Audited)

## C. Remuneration Policy Framework

The key objective of Spectur's remuneration policy is to be an enabler for the Company in achieving its strategic goal of continuing to build a successful remote solar-powered sensing and cloud-based technology solutions company. The remuneration framework is designed to attract and retain high caliber talent by rewarding them for achievement of goals designed to deliver shareholder value.

Remuneration Policy		
The Company's remuneration framework has been designed to reward executives and employees fairly and responsibly in accordance with the market in which the Company operates. Remuneration is performance driven, market competitive, and aligns with shareholder interests.		
Remuneration Strategy		
Performance Driven	Market Competitive	Aligns with Shareholders
<p>Sets demanding levels of expected performance that have a clear linkage to an executive's remuneration.</p> <p>Rewards are based upon achievement of targets aligned to the Company's business plans and longer-term strategy.</p> <p>Variable components (short and long term) are driven by challenging targets focused on external and internal measures of financial and non-financial performance.</p> <p>A proportion of the executive's remuneration is "at risk."</p>	<p>Benchmarks remuneration against appropriate comparator peer groups to make the Company competitive in the human resources market, through an offering of both short and long-term incentives and competitive base salaries.</p> <p>Provides competitive rewards that attract, retain and motivate executives and employees of the highest calibre, who can successfully deliver, particularly as the Company moves through a rapid growth phase.</p> <p>Provides a level of remuneration structure to reflect each executive's respective duties and responsibilities.</p>	<p>Aligns executive incentive rewards with the creation of value for shareholders through an emphasis on variable remuneration. Incentive plans and performance measures are aligned with the company's success.</p> <p>Equity participation in long term incentive plan (<b>LTIP</b>) applies to executives and the leadership and senior management team of Spectur.</p>

## D. Remuneration Structure

The proportion of fixed remuneration and variable remuneration is established for the Managing Director by the RNC with reference to market comparator data and the scope of the Managing Director's role and is approved by the Board in accordance with the Remuneration Policy and the provisions of the Short Term Incentive (**STI**) and Long Term Incentive (**LTI**) Plans. These elements are both described in detail below. Non-executive Directors are excluded from participation.

Fixed Remuneration	Variable Remuneration	
<p>Fixed remuneration is made up of base salary and superannuation.</p> <p>Fixed remuneration is targeted at the remuneration paid to executives of relevant comparable peer group of ASX companies taking into account the executive's role, responsibility, skills and previous experience.</p>	Variable component of executive target remuneration mix allows a greater share of remuneration at risk and subject to performance.	
	STI (at risk)	LTI (at Risk)
	<ul style="list-style-type: none"> <li>➤ Cash based for FY22 and non-cash based Share Ownership Awards for FY23 based upon percentage of base salary.</li> <li>➤ STI hurdles based upon the achievement of certain stretched specified KPI's during the financial year over which the executive would be able to exert sufficient control to achieve a demonstrated strategic outcome in his role. The targets can consist of KPI's covering both financial and non-financial measures of performance and may be based on company, individual, business and personal objectives.</li> </ul>	<p>LTI plan in the form of performance rights.</p> <ul style="list-style-type: none"> <li>➤ Grants made annually with vesting after two years for FY22.</li> <li>➤ Performance hurdles reviewed annually by the Board to align with the Company's strategic plan.                             <ul style="list-style-type: none"> <li>- The hurdles applied to reflect stretched achievement against the Company's long-term strategic goals.</li> <li>- Hurdles tested at the end of the testing period, typically a 2-3 year period.</li> </ul> </li> </ul>

# Remuneration Report (Audited)

## E. Executive remuneration framework and overview of incentive plans

### Variable Remuneration – Short Term Incentive Plan

Given challenges impacting the short-term performance of the Company in FY22, which were:

- Adverse market conditions impacting sales and revenue;
- Restrictions in the supply chain impacting margins and ability to provide product; and
- Legacy issues in technology, limiting the ability for the technology group to advance the platform as planned, the FY22 STI targets were not met in respect of FY22, and consequently no incentives were awarded.

Additionally, recognising that cash remains key to the business, the STI plan for FY23 has been replaced by a modified LTI plan, proposed to address some of the shortcomings listed above.

Key points include:

- Continuing the shorter duration (2 years); and
- Criteria that measure the impact of Spectur's current growth strategy (i.e. Revenue, Recurring Revenue and EBITDA). Refer to Variable Remuneration – Long Term Incentive Plan below for further details.

### Remuneration / – Share Ownership plan

In the interests of rewarding loyalty, effort and individual competencies and impact on the business in the previous financial period, and also to contribute to retention and a longer-term alignment with Company success, an additional share ownership model has been proposed for select employees and key members of management (Share Ownership Plan). The Share Ownership Plan involves the provision of shares valued the grant date and is limited for senior employees to a maximum of 7.5% of their total fixed remuneration. The issue of these Shares is intended to bring the following benefits:

- They provide a material long term incentive to performance within the organisation;
- They are an unexpected but desirable reward and recognise loyalty, effort, and impact on the business in the last 12 to 18 months; and
- They do not have a cash cost to the organisation but have immediate and longer-term value to the individual.

It is anticipated that the Share Ownership Plan will be provided in Q2 FY23.

### Managing Director

In recognising the cash limitations of the Company to pay the Managing Director fixed annual remuneration at a level which would be commensurate to his likely value in the market based upon his skills and previous experience, the Remuneration Committee propose an award in the form of Performance Rights to the Managing Director which vest after a 2-year period, being continuous employment to (1 December 2024). The Performance Rights will be subject to approval by Shareholders at the 2022 AGM.

### Variable Remuneration – Long Term Incentive Plan

Performance Rights were granted to executives with hurdles that apply as follows for FY22:

- (1) 50% of the LTIP grant is subject to a Revenue tested hurdle; and
- (2) 50% of the LTIP grant is subject to an EBITDA hurdle.

The use of two performance hurdles was consistent with market practice at the time.

In total, the Company granted 2,083,333 performance rights to the Managing Director for FY22 which was approved by shareholders at the Company Annual General Meeting in October 2021.

The hurdles motivate executives with a clear line of sight to strategic outcomes outcome through the performance hurdle measurements. When expectations are met, and all other things being equal, the LTIP is intended to vest and deliver the appropriate level of remuneration and market positioning.

The Remuneration Committee also considered retention as a key driver of the LTI scheme for FY22. Given economic conditions and the labour market constraints in FY22 and beyond, in order to remain competitive in an inflationary environment, equity incentives were used as a mechanism to deliver the value gap for senior management, to align the Company with the fixed annual remuneration of peer companies. The performance rights have a 2-year vesting retention period.

## Remuneration Report (Audited)

The structure and details of LTIP Performance Rights issued to executives in FY22 and proposed for FY23 under the plan are summarised in the following table:

Long Term Equity Incentive Plan (LTIP)	
Aspect	Plan, Offers and Comments
Purpose	The LTIP's purpose is to align executive interests with those of shareholders by linking reward to sustainable value creation for shareholders and to assist in the attraction and retention of a stable focused Managing Director and leadership team.
Participation	Grants are made to those executives and key employees that are able to influence the generation of shareholders' wealth and thus have a direct impact on the Company's performance against the relevant long-term performance hurdle. NEDs are not eligible to participate in the LTIP.
Nature	Each LTIP Performance Right entitles the participant to one share in the Company upon vesting.
Grant Frequency	Annual grant and ad-hoc on commencement of employment and future potential grants.
Delivery	<p>LTI's are delivered under the Company's Employee Incentive Plan (<b>EIP</b>). The EIP enables the Company to offer Executive Directors and key employees (<b>Eligible Participants</b>) a range of different employee incentive scheme (<b>ESS</b>) interests with the aim of attracting, motivating and retaining key management. These ESS interests or awards include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.</p> <p>Awards under the LTI plan are made in the form of Performance Rights which provide, when vested, one share at nil cost (provided the specified performance hurdle is met). No dividends are paid on unvested LTI awards. A new share will be issued for each vested Performance Right. The number of Performance Rights allocated for each Eligible Participant is calculated by reference to their maximum LTI opportunity value.</p>
Value / Number	Allocations are made based on a face value approach using the Volume Weighted Average Price of Spectur's shares over a specified period prior to the award date. This fixes the maximum number of shares / rights, and the actual number will vest in accordance with the performance conditions which are set.
Vesting Period	2 years
Key Performance indicators, weightings and performance goals	<p>The hurdles and relative weightings applying to LTI grants issued in the respective periods are as follows:</p> <p><b>FY22</b></p> <ul style="list-style-type: none"> <li>➤ 50% Full Year FY2023 Revenue (tested at the end of FY23).</li> <li>➤ 50% Full Year FY2023 EBITDA (tested at the end of FY23).</li> </ul> <p><b>FY23</b></p> <ul style="list-style-type: none"> <li>➤ 33.33% Full Year FY2023 &amp; FY2024 Revenue (tested at the end of FY2024)</li> <li>➤ 33.33% Full Year FY2023 &amp; FY2024 Annual Recurring Revenue (tested at the end of FY2024).</li> <li>➤ 33.33% Full Year FY2023 &amp; FY2024 EBITDA (tested at the end of FY2024).</li> </ul> <p>All FY23 awards to related parties are subject to approval by shareholders at the Company's 2022 annual general meeting.</p>

## Remuneration Report (Audited)

Cessation of employment during measurement period	<p>If cessation of employment occurs, the following treatment will apply in respect of unvested rights:</p> <ul style="list-style-type: none"> <li>• If the participant ceases employment with Spectur on resignation or on termination for cause, unvested Performance Rights will normally be forfeited.</li> <li>• If the participant ceases employment in other circumstances (for example, due to illness, total or permanent disablement, retirement, redundancy, or other circumstances determined by the Board), unvested rights will stay 'on foot' and may vest at the end of the original performance period to the extent performance conditions are met.</li> </ul> <p>The Board may determine in its discretion that the number of rights available to vest will be reduced pro-rata for time at the date employment ceases.</p> <p>The Board will retain discretion to allow for accelerated vesting (pro-rated for performance and/or time) in special circumstances (as opposed to allowing unvested rights to remain 'on foot' on cessation of employment).</p>
Change of Control	<p>Unless the Board determines otherwise, a pro-rata number of the participant's unvested rights will vest based on the proportion of the performance period that has passed at the time of the change of control.</p> <p>Vesting may also be subject to the achievement of pro-rata performance conditions at the time of the change of control.</p>
Plan gate and discretion	<p>Safety performance as a "deleterious multiplier" which may be modified at the Board's discretion to suit the circumstances of the event(s). The Board retains discretion to modify outcomes to ensure that the LTIP does not produce outcomes that shareholders would be likely to consider inappropriate.</p>

### F. Performance and remuneration outcomes for FY22

#### Remuneration Consultants

The Remuneration and Nomination Committee may use independent Remuneration Consultants to provide advice but elected not to do so for FY22.

#### Remuneration Policy vs Financial Performance

The Company does not currently have a policy with respect to the payment of dividends and returns of capital however this will be reviewed on an annual basis.

FY22 short term remuneration incentives were linked to financial performance, product development initiatives and individual performance measures. Longer term incentives were linked to Revenue and EBITDA targets.

The earnings of the Company for the previous five financial years are summarised below:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Revenue	5,828,024	5,248,882	4,801,655	4,818,130	2,476,501
EBITDA (loss)	(1,908,779)	(1,755,415)	(1,452,264)	(2,586,997)	(3,764,137)
Adjusted EBITDA (loss) <sup>1</sup>	(1,485,343)	(1,736,321)	(1,474,251)	(2,282,945)	(2,471,633)
Earnings / (Loss) Per Share (cents per share)	(1.80)	(1.70)	(2.25)	(4.82)	(7.61)

<sup>1</sup> Adjusted EBITDA is adjusted for share-based compensation, one off income / expenses (including COVID-19 relief), impairments, write downs, one off gains / losses and non-cash expenses.

# Remuneration Report (Audited)

## G. Non-Executive Director Remuneration During the Reporting Period

### Remuneration Policy

In accordance with best practice corporate governance, the structure of Non-Executive Director (NED) and executive remuneration is separate and distinct. The overall level of annual NED fees was approved by shareholders in accordance with the requirements of the Company's Constitution and the Corporations Act. The maximum aggregate pool of Directors' fees payable to all of the Company's NEDs is \$250,000 per annum. This aggregate amount was approved by shareholders at the 2017 Annual General Meeting.

### Equity Compensation

In accordance with Australian practice the Company's policy was not to grant any incentive equity-based compensation to NEDs. This policy was revised in FY22 following a change in circumstances related to COVID-19 impacting the business:

- NEDs took a 20% salary reduction during Q4 FY20 and Q1 FY21 (a total of approx. 6 months) and revised to a 10% reduction for Q2 FY21 in alignment with Company policy implemented during the COVID-19 pandemic to limit overhead expenses.
- NEDs were paid via shares in lieu of remaining salary for Q4 FY20, escrowed for 12 months.
- NED fees have remained static - for Bilyana Smith through FY20, 21 and now FY22, and for Darren Cooper from his initial appointment in 2018 through to the end of FY22.
- In the interests of cash preservation for the Company, and retaining the talent pool of directors, 500,000 unquoted options were granted to each of the NEDs as a reward for their past salaries foregone and retention.
- The options are exercisable at \$0.13, on or before 30 June 2024.

Accordingly, no further equity securities were offered to NEDs in the reporting period to 30 June 2022 nor are contemplated for future periods.

### Remuneration Structure

NEDs received a fixed remuneration of base fees, which was set at \$40,000 per annum plus statutory superannuation (unchanged since FY20). These fees cover the board activities and membership of any relevant committees. In addition to these fees, NEDs are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committee or shareholder meetings whilst engaged by Spectur. NEDs do not earn retirement benefits other than superannuation and are not entitled to any compensation on termination of their directorships.

NED fees, which are exclusive of statutory superannuation but includes committee fees, have been revised, based upon a comparison of fees paid to directors in peer ASX listed companies as follows:

FY 22 NED Fees		FY 23 NED Fees <sup>1</sup>	
Chair	Member	Chair	Member
\$75,000	\$40,000	\$105,000	\$56,000

<sup>1</sup> Increased NED fees to apply from 1 October 2022

The Remuneration for NEDs has remained static since Mr. Cooper's appointment in October 2018 (4 years) and Ms. Smith's appointment in October 2019 (3 years). All directors have participated in Company equity raises and purchased securities on market. Fees have been benchmarked to comparable market peers for ASX listed company director fees.

NEDs remuneration is not linked to the performance of the Company; however, to align directors' interests with shareholder interests, the directors may hold shares in the Company as governed by the Company's Securities Trading Policy.

## H. Director and Executive Service Agreements and Remuneration

As of the date of this report, remuneration and other terms of employment of Directors and Other Key Management Personnel are formalised in employment contracts and service agreements. The major provisions of the agreements related to remuneration are set out below.

	Base Salary/ Fee per annum	Terms of Agreement	Notice Period
<b>Executive Directors <sup>(i)</sup></b>			
Gerard Dyson	\$300,000 per annum for FY22, subject to CPI increase. And STI and LTI component included and detailed above.	Executive Service Agreement - Commencement date – 1 July 2019	3 months in writing by either party. The parties mutually agreed to amend the contract from a fixed term to a rolling contract with a 3-month notice period.

## Remuneration Report (Audited)

Non-Executive Directors <sup>(i)</sup>			
Darren Cooper	\$75,000 + super, revised to \$105,000 + super per annum from 1 October 2022	Non-Executive Chair contract Commencement date – 5 October 2018	Upon written advice of intention or in accordance with the Constitution of the Company or the Corporations Act 2001
Bilyana Smith	\$40,000 + super, revised to \$56,000 + super per annum from 1 October 2022	Non-Executive Director contract Commencement date – 1 October 2019	Upon written advice of intention or in accordance with the Constitution of the Company or the Corporations Act 2001

Details of the nature and amount of each element of the emoluments received by or payable to each of the Key Management Personnel (KMP) of Spectur Limited for the financial years specified are as follows:

FY2022	Short-term benefits			Total \$	Percentage performance related %
	Salary & fees \$	Post- employment benefits \$	Share-based payments <sup>(i)</sup> \$		
<b>Directors</b>					
Darren Cooper	75,000	7,500	4,022	86,522	-
Bilyana Smith	40,000	4,000	4,022	48,022	-
<b>Key Management Personnel</b>					
Gerard Dyson	309,874	30,211	8,851	348,936	3%
<b>Total</b>	<b>424,874</b>	<b>41,711</b>	<b>16,895</b>	<b>483,480</b>	

**Notes:**

- <sup>(i)</sup> The share-based payments related to the value of Options which were issued to Darren Cooper, Bilyana Smith and Gerard Dyson following shareholder approval at the 2021 AGM. In accordance with AASB 2, the options issued have been valued based on factors such as the underlying spot and strike price and the expiry date.

FY2021	Short-term benefits			Total \$	Percentage performance related %
	Salary & fees \$	Post- employment benefits \$	Share-based payments <sup>(iii)</sup> \$		
<b>Directors</b>					
Darren Cooper <sup>(i)</sup>	69,375	6,769	17,604	93,748	-
Bilyana Smith <sup>(ii)</sup>	37,000	3,609	17,604	58,213	-
<b>Key Management Personnel</b>					
Gerard Dyson <sup>(iii) (iv)</sup>	255,584	24,280	54,461	334,325	16%
<b>Total</b>	<b>361,959</b>	<b>34,658</b>	<b>89,669</b>	<b>486,286</b>	

**Notes:**

- <sup>(i)</sup> Darren Cooper elected to receive at 20% reduction in NED fees for Q1FY21 and a 10% reduction for Q2FY21, in alignment with Company policy implemented during the COVID-19 pandemic to limit overhead expenses.
- <sup>(ii)</sup> Bilyana Smith elected to receive at 20% reduction in NED fees for Q1FY21 and a 10% reduction for Q2FY21 in alignment with Company policy implemented during the COVID-19 pandemic to limit overhead expenses.
- <sup>(iii)</sup> The share-based payments related to the value of Long Terms Incentive Performance Rights which were issued to Gerard Dyson following shareholder approval at the 2020 AGM. In accordance with AASB 2, the performance rights issued to the Managing Director have been valued based on factors such as the underlying share price, the expected vesting date and vesting probability in achieving the specified vesting hurdles at the reporting date (Note 26). It should be noted that Dr Dyson has not received this amount and the performance rights may have no actual financial value unless the required performance hurdles are achieved. Stock may also be issued to the recipient at a share issue price lower or higher than valued and recognised in the financial report.
- <sup>(iv)</sup> The issue of the Performance Rights and/or options is conditional on the receipt of shareholder approval which is to be sought at the Company's 2021 Annual General Meeting (AGM).

# Remuneration Report (Audited)

## I. Additional statutory disclosures

### Key Management Personnel Equity Holdings

#### Fully paid ordinary shares

##### FY22

	Balance at beginning of year	Granted in lieu of cash compensation	Received on exercise of PRs	Purchased during year	Balance at resignation	Balance held at year end
30 June 2022	Number	Number	Number	Number	Number	Number
<b>Directors</b>						
Darren Cooper	2,503,879	-	-	-	-	2,503,879
Bilyana Smith	749,614	-	-	-	-	749,614
<b>Executives</b>						
Gerard Dyson <sup>1</sup>	1,462,179	-	-	200,000	-	1,662,179

<sup>1</sup>Dr Dyson purchased 200,000 shares on market, which are held in by <Dyson Investments 2 A/C>

##### FY21

	Balance at beginning of year / on appointment	Granted in lieu of cash compensation	Received on exercise of PRs	Purchased during year	Balance at resignation	Balance held at year end
30 June 2021	Number	Number	Number	Number	Number	Number
<b>Directors</b>						
Darren Cooper <sup>1</sup>	1,500,000	273,253	-	730,626	-	2,503,879
Bilyana Smith <sup>2</sup>	200,000	145,735	-	403,879	-	749,614
<b>Executives</b>						
Gerard Dyson <sup>3</sup>	1,058,300	-	-	403,879	-	1,462,179

<sup>1</sup> Darren Cooper acquired 326,747 Spectur shares on market and a further 403,879 shares were acquired pursuant to Spectur's Share Purchase Plan in July 2020. 273,253 shares were paid to Darren Cooper in lieu of cash consideration for salaries forgone Q4 FY20. As of 30 June 2021, 1,903,879 shares were held in the Cooper Retirement Pty Ltd <The Cooper Retirement Fund A/C>, of which Mr Cooper is the beneficiary, and 600,000 shares were directly held.

<sup>2</sup> 145,735 shares were paid to Bilyana Smith, in lieu of cash consideration for salaries forgone Q4 FY20. This was approved at Spectur's Annual General Meeting in October 2020. A further 403,879 shares were acquired pursuant to Spectur's Share Purchase Plan in July 2020.

<sup>3</sup> 403,879 of shares were acquired pursuant to Spectur's Share Purchase Plan in July 2020. Dr Dyson's shares are held in a family trust, with Gerard John Dyson and Chantel Yvette Dyson as trustees of the family trust.

### Share options

#### Share options granted to KMP

During the financial year the options detailed below were granted to Directors and KMPs of the Company and the entities they controlled as part of their remuneration.

##### FY22

	Balance at beginning of year	Granted as compensation <sup>1</sup>	Exercised	Expired unexercised	Balance at end of year
30 June 2022	Number	Number	Number	Number	Number
<b>Directors</b>					
Darren Cooper	-	500,000	-	-	500,000
Bilyana Smith	-	500,000	-	-	500,000
<b>Executives</b>					
Gerard Dyson	-	1,100,000	-	-	1,100,000

# Remuneration Report (Audited)

## Share options granted to KMP (continued)

- <sup>1</sup> In the interests of cash preservation for the Company, and retaining the talent pool of directors, 500,000 unquoted options were granted to each of the NEDs, and 1,100,000 to the Managing Director as a reward for their past salaries foregone during the COVID salary reductions, and to provide a mechanism for retention. The options are exercisable at \$0.13, on or before 30 June 2024.

### FY21

30 June 2021	Balance at beginning of year/ on appointment Number	Granted as compensation Number	Exercised Number	Expired unexercised Number	Balance at end of year / on resignation Number
<b>Directors</b>					
Darren Cooper <sup>1</sup>	150,000	-	-	(150,000)	-
Bilyana Smith	-	-	-	-	-
<b>Executives</b>					
Gerard Dyson	-	-	-	-	-

<sup>1</sup> 150,000 options exercisable at \$0.20 on or before 31 December 2020 expired unexercised.

During the year current and prior year, the following Performance Rights were granted to G Dyson as part of the Company's LTI plan.

### FY21 & FY22

	Balance at beginning of year Number	Issued during the year Number	Cancelled / forfeited during the year Number	Balance at end of year Number	Vested and Exercisable Number
<b>Directors</b>					
Gerard Dyson (FY22)	4,909,806	2,083,333	-	6,993,139	-
Gerard Dyson (FY21)	1,607,919	3,301,887	-	4,909,806	-

Post the year end, on 1 July 2022, 1,607,919 performance rights lapsed due to the vesting conditions not being met.

### Performance Rights

For details of the employee share option plan and of Performance Rights granted during FY22, please refer to Notes 9 and 26. All share options issued to KMP were made in accordance with the provisions of the Spectur EIP.

### Comments on Remuneration Report at Spectur's most recent AGM

The Company received a 99.8% of "yes" votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback from shareholders at the 2021 Annual General Meeting on its remuneration practices.

Signed in accordance with a resolution of the directors.



**Mr Darren John Cooper**  
Director

Dated this 30 September 2022

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Spectur Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**30 September 2022**

**L Di Giallonardo**  
**Partner**

**hlb.com.au**

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# Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
<b>Continuing Operations</b>			
Revenue	5	5,828,024	5,248,882
Cost of sales		(2,624,964)	(2,108,881)
Gross profit		3,203,060	3,140,001
COVID 19 relief		-	393,989
Depreciation and amortisation		(320,908)	(317,198)
Employee benefits		(3,311,931)	(3,573,765)
Finance charges	6	(87,735)	(16,528)
General and administrative expenses		(1,121,171)	(935,555)
Impairment of intangible assets	16	-	(12,640)
Interest income		-	1,646
Inventories written back / (off)		13,994	4,919
Loss on disposal of property, plant and equipment		(6,185)	(1,674)
Marketing and advertising		(267,180)	(310,567)
Property expenses – lease payments for short term leases		(44,186)	(107,757)
Research and development expenses		(163,571)	(182,477)
Share of associate's loss		(38,570)	-
Share-based payment expense	26	(124,482)	(167,342)
<b>Loss before income tax benefit</b>		<b>(2,268,865)</b>	<b>(2,084,948)</b>
Income tax benefit	7	360,086	329,533
<b>Loss for the year</b>		<b>(1,908,779)</b>	<b>(1,755,415)</b>
Other comprehensive loss for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(1,908,779)</b>	<b>(1,755,415)</b>
<b>Loss attributable to members of the Company</b>		<b>(1,908,779)</b>	<b>(1,755,415)</b>
<b>Basic and diluted loss per share (cents per share)</b>	10	<b>(1.8)</b>	<b>(1.7)</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

At 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11	629,613	1,688,712
Trade and other receivables	12	1,322,964	1,216,935
Inventories	13	649,465	774,913
<b>Total Current Assets</b>		<b>2,602,042</b>	<b>3,680,560</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	14	470,095	541,521
Other receivables		165,668	77,773
Investments accounted for using the equity method	15	-	9,985
Intangible assets	16	96,112	179,589
Right-of-use assets	17	273,806	320,288
<b>Total Non-Current Assets</b>		<b>1,005,681</b>	<b>1,129,156</b>
<b>Total Assets</b>		<b>3,607,723</b>	<b>4,809,716</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	18	1,326,911	1,340,866
Employee Benefits	19	440,602	463,529
Borrowings	20	8,584	60,513
Lease liabilities	21	166,728	158,310
Provisions	22	114,300	114,299
<b>Total Current Liabilities</b>		<b>2,057,125</b>	<b>2,137,517</b>
<b>Non-Current Liabilities</b>			
Borrowings	20	755,700	-
Lease liabilities	21	117,746	169,453
Employee benefits	19	33,789	67,324
<b>Total Non-Current Liabilities</b>		<b>907,235</b>	<b>236,777</b>
<b>Total Liabilities</b>		<b>2,964,360</b>	<b>2,374,294</b>
<b>Net Assets</b>		<b>643,363</b>	<b>2,435,422</b>
<b>Equity</b>			
Issued capital	8	12,565,412	12,573,174
Reserves	9	266,130	177,772
Accumulated losses		(12,188,179)	(10,315,524)
<b>Net Equity</b>		<b>643,363</b>	<b>2,435,422</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the Year Ended 30 June 2022

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	12,573,174	177,772	(10,315,524)	2,435,422
Loss after income tax for the year	-	-	(1,908,779)	(1,908,779)
<b>Total Comprehensive loss for the year</b>	-	-	<b>(1,908,779)</b>	<b>(1,908,779)</b>
Shares issued during the year	-	-	-	-
Share issue costs	(7,762)	-	-	(7,762)
Value of expired performance rights transferred to accumulated losses	-	(36,124)	36,124	-
Value of options brought to account during the period	-	106,372	-	106,372
Value of Performance Rights brought to account during the year	-	18,110	-	18,110
<b>Balance as at 30 June 2022</b>	<b>12,565,412</b>	<b>266,130</b>	<b>(12,188,179)</b>	<b>643,363</b>

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	11,084,845	504,479	(9,054,158)	2,535,166
Loss after income tax for the year	-	-	(1,755,415)	(1,755,415)
<b>Total Comprehensive loss for the year</b>	-	-	<b>(1,755,415)</b>	<b>(1,755,415)</b>
Shares issued during the year	1,537,322	-	-	1,537,322
Share issue costs	(48,993)	-	-	(48,993)
Value of expired options transferred to accumulated losses	-	(494,049)	494,049	-
Options issued during the year	-	151,396	-	151,396
Value of Performance Rights brought to account during the year	-	15,946	-	15,946
<b>Balance as at 30 June 2021</b>	<b>12,573,174</b>	<b>177,772</b>	<b>(10,315,524)</b>	<b>2,435,422</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

For the Year Ended 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		6,570,502	5,408,095
Payments to suppliers and employees		(8,067,933)	(7,162,964)
Interest received		-	1,734
Interest paid and other finance costs		(87,735)	(16,527)
COVID 19 relief		-	531,673
R & D tax incentives received		301,450	274,185
<b>Net cash used in operating activities</b>	11.1	<b>(1,283,716)</b>	<b>(963,804)</b>
<b>Cash flows from investing activities</b>			
Payments for loans to joint venture		(20,002)	(7,489)
Payments to acquire investments		-	(9,985)
Proceeds from sale of property, plant and equipment		24,887	-
Purchase of property, plant and equipment		(319,556)	(281,478)
<b>Net cash used in investing activities</b>		<b>(314,671)</b>	<b>(298,952)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue and subscription of shares		-	1,512,661
Payments for share issue costs		(7,763)	(48,993)
Repayment of lease liabilities		(156,721)	(111,738)
Proceeds from borrowings		769,635	-
Repayment of borrowings		(65,863)	(32,975)
<b>Net cash from financing activities</b>		<b>539,288</b>	<b>1,318,955</b>
Net (decrease) / increase in cash and cash equivalents held		(1,059,099)	56,199
Cash and cash equivalents at the beginning of the year		1,688,712	1,632,513
<b>Cash and cash equivalents at the end of the year</b>		<b>629,613</b>	<b>1,688,712</b>

The accompanying notes form part of these financial statements.

## Note 1: Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all the years presented unless otherwise stated. The financial statements for Spectur Limited (**Spectur**) or (**Company**). Spectur Limited holds a 51% interest in Spectur New Zealand Ltd. The investment in Spectur NZ is accounted for using the equity method in accordance with AASB 128.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial statements are presented in Australian dollars.

Spectur is listed on the Australian Securities Exchange (**ASX**), is a public company, incorporated and operating in Australia. The entity's principal activities are detailed in the Directors' Report.

### (a) Statement of compliance

The financial report was authorised for issue on 30 September 2022.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

### (b) Adoption of New and Revised Standards

#### *New Standards and Interpretations applicable for the year ended 30 June 2022*

For the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company, and therefore no change is necessary to accounting policies.

#### *New Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to accounting policies.

### (c) Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

## Note 2: Significant Accounting Policies

### (a) Revenue recognition

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Company, is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Company:

- identifies the contract with a customer.
- identifies the performance obligations in the contract.
- determines the transaction price which takes into account estimates of variable consideration and the time value of money.
- allocates the transaction price to the separate performance obligations based on the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

#### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### *Rendering of service*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

### (b) Other Income and Expenses

#### *Dividends*

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

#### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

#### *Borrowing costs*

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## Note 2: Significant Accounting Policies

### (c) Income Tax Expenses

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except: when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### *Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## Note 2: Significant Accounting Policies

### (d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of Spectur Limited.

### (e) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings as current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (f) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 days to 60 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

### (g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (h) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on diminishing value basis using the following rates:

Motor vehicle	25%
Plant equipment	10% to 50%
Office equipment	10% to 50%
Spectur platforms	25% to 33%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

## Note 2: Significant Accounting Policies

### (h) Property, plant and equipment (continued)

#### *Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount.

The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

#### *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

### (i) Investment in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Company.

Unrealised gains and losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

### (j) Intangible assets

#### *Intangible assets acquired separately*

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Patents	8 years following grant of patent
Trademarks	10 years following grant of trademark
Other Intangibles	3 years following acquisition

## Note 2: Significant Accounting Policies

### (j) Intangible assets (continued)

Product development 3 to 5 years following commercial use

#### *Impairment of tangible and intangible assets other than Other Intangibles*

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value.

### (k) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

### (l) Trade and other payables

#### *Trade and other payables*

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

### (m) Employee benefits

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in employee benefits in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current employee benefits in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Company.

The liability for long service leave is recognised in employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### (n) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

## Note 2: Significant Accounting Policies

### (o) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index, or a rate used.
- residual guarantee.
- lease term.
- certainty of a purchase option and
- termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### (p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

#### *Onerous contracts*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

#### *Warranties*

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Company's obligation.

### (q) Share-based payment transactions

#### *Equity settled transactions*

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Company has an Employee Incentive Plan (**EIP**) in place, which provides benefits to Directors, senior executives and employees and is governed by the EIP Rules.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by internal valuation using a binomial / trinomial valuation model where appropriate.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

## Note 2: Significant Accounting Policies

### (q) Share-based payment transactions (continued)

#### *Equity settled transactions (continued)*

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects

- (a) the extent to which the vesting period has expired; and
- (b) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### *Cash settled transactions:*

The Company also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Company.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the volume weighted average traded share price for the equity granted taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

### (r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

### (s) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

### (t) Earnings per Share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## Note 2: Significant Accounting Policies

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### (u) Foreign currency translation

The functional and presentation currency of Spectur Limited is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## Note 3: Significant Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (a) Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

### (b) Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

### (c) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

### (d) Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### (e) Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial or trinomial model where appropriate.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the volume weighted average traded share price for the equity granted taking into account the terms and conditions upon which the instruments were granted.

### (f) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

### (g) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

### (h) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant

## Note 3: Significant Accounting Estimates and Judgements

leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### **(i) Incremental borrowing rate**

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

### **(j) Long service leave**

The liability for long service leave expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### **(k) Lease make good provision**

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

### **(l) Warranty provision**

In determining the level of provision required for warranties the Company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

### **(m) Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

## Other Notes to the Financial Statements

### Note 4: Segment Reporting

The Company only operated in one segment, being design, development, manufacture and selling Remote Solar sensing, thinking and acting platforms and associated products and services.

### Note 5: Revenue from Contracts with Customers

#### *Disaggregation of revenue*

AASB 15 requires an entity to disclose a disaggregation of revenue from contracts with customers required by paragraphs 114-115. The Company has selected to disaggregate revenue according to the timing of the transfer of goods and/or services. As the Company elected the modified retrospective method of adoption, comparative information under AASB 15 is not required as disclosures for the comparative period in the notes follow the requirements of AASB 111, AASB 118 and other related interpretations.

The Company derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following major categories.

	30 June 2022	30 June 2021
	\$	\$
<b>At a point in time</b>		
Equipment sales	1,757,358	1,762,276
Field services	734,910	701,503
	<b>2,492,268</b>	<b>2,463,779</b>
<b>Over Time</b>		
Equipment rentals	1,931,961	1,578,006
Recurring revenue	1,403,795	1,207,097
	<b>3,335,756</b>	<b>2,785,103</b>
<b>Total revenue</b>	<b>5,828,024</b>	<b>5,248,882</b>

The Company recognised an impairment loss on receivables from contracts with customers in the statement of profit or loss and other comprehensive income, amounting to \$4,222 for the year ended 30 June 2022 (2021: \$26,906).

### Note 6: Finance charges

	30 June 2022	30 June 2021
	\$	\$
Interest and finance charges paid/payable on borrowings	(72,401)	(4,425)
Interest and finance charges paid/payable on lease liabilities	(15,334)	(12,103)
	<b>(87,735)</b>	<b>(16,528)</b>

## Other Notes to the Financial Statements

### Note 7: Income Tax

	30 June 2022	30 June 2021
	\$	\$
<b>(a) The components of income tax benefit comprise:</b>		
Research & Development tax incentive	(360,086)	(329,533)
	<b>(360,086)</b>	<b>(329,533)</b>
<b>(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2021: 26%) from ordinary operations:	(567,216)	(542,086)
Effect of items that are not assessable/deductible in determining taxable loss:		
- Other non-allowable items	205,474	190,268
- Other non-assessable items	-	(16,250)
- Revenue losses not recognised	435,358	377,317
- Other deferred tax balances not recognised	(73,616)	(9,249)
- Research & Development tax incentive	(360,086)	(329,533)
<b>Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income from ordinary operations</b>	<b>(360,086)</b>	<b>(329,533)</b>
<b>(c) Recognised deferred tax liabilities at 25% (2021:26%) <sup>(Note 1)</sup></b>		
Intangible assets	24,208	44,898
Other	-	394
	<b>24,028</b>	<b>45,292</b>
<b>Recognised deferred tax assets at 25% (2021:26%) <sup>(Note 1)</sup></b>		
Carry forward revenue losses	24,028	45,292
<b>Net deferred tax</b>	<b>-</b>	<b>-</b>
<b>(d) Unrecognised deferred tax assets at 25% (2021:26%) <sup>(Note 1)</sup></b>		
Carry forward revenue losses	1,874,866	1,478,413
Provisions and accruals	144,259	173,039
Capital raising costs	29,128	73,020
Other	4,488	4,147
	<b>2,052,741</b>	<b>1,728,619</b>

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 1 - the corporate tax rate for eligible companies reduced from 30% to 25% at 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised, or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

## Other Notes to the Financial Statements

### Note 8: Issued Capital

As at 30 June 2022, the Company had the following issued share capital:

	30 June 2022		30 June 2021	
	Number	\$	Number	\$
Fully paid ordinary shares	<b>106,305,280</b>	<b>12,565,412</b>	<b>75,633,065</b>	<b>12,573,174</b>
Movement of issued share capital:				
Balance at beginning of year	106,305,280	12,573,174	75,633,065	11,084,845
Placement at \$0.05	-	-	30,253,227	1,512,661
Issue of shares in lieu of Director fees	-	-	418,988	24,661
Share issue costs	-	(7,762)	-	(48,993)
<b>Balance at end of year</b>	<b>106,305,280</b>	<b>12,565,412</b>	<b>106,305,280</b>	<b>12,573,174</b>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote for each share held on a poll.

Ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

### Note 9: Reserves

#### **Nature and purpose of reserves**

##### *Options Reserve*

This reserve is used to record the value of options subscribed for or provided to employees and consultants. Refer to Note 26 for further details of these plans.

##### *Performance Rights Reserve*

This reserve is used to record the value of performance rights provided to employees, Directors and consultants as part of their remuneration. Refer to Note 26 for further details of these plans.

At 30 June 2022, the Company had the following reserve accounts:

	30 June 2022		30 June 2021	
	Number	\$	Number	\$
Options	6,550,000	257,769	4,300,000	151,396
Performance rights <sup>1</sup>	10,579,477	8,361	11,604,153	26,376
<b>Balance at end of year</b>	<b>17,129,477</b>	<b>266,130</b>	<b>15,904,153</b>	<b>177,772</b>

<sup>1</sup> Included in the above is 2,917,695 performance rights which were cancelled on 1 July 2022 as the vesting conditions have not been satisfied.

## Other Notes to the Financial Statements

### Note 9: Reserves (continued)

#### OPTIONS RESERVE MOVEMENT

	30 June 2022		30 June 2021	
	Number	\$	Number	\$
Movement of Company options:				
Balance at beginning of year	4,300,000	151,396	22,419,933	494,049
Options issued to EGP Capital <sup>(i)</sup>	2,250,000	89,478	-	-
Options issued to employees	-	-	2,200,000	77,458
Options issued to directors	-	16,895	2,100,000	73,938
Expired options transferred to retained earnings	-	-	(22,419,933)	(494,049)
<b>Balance at end of year</b>	<b>6,550,000</b>	<b>257,769</b>	<b>4,300,000</b>	<b>151,396</b>

<sup>(i)</sup> Issued to Fundhost Limited in its capacity as responsible entity for the EGP Concentrated Value Fund, pursuant to the terms of the Loan Facility Agreement with EGP Capital.

#### PERFORMANCE RIGHTS RESERVE MOVEMENT

	30 June 2022		30 June 2021	
	Number	\$	Number	\$
<i>Movement of issued performance rights:</i>				
Balance at beginning of year	11,604,153	26,376	2,646,263	10,430
Brought to account during the year <sup>(i)</sup>	-	18,110	9,464,383	61,615
Performance rights cancelled during the year	(1,024,676)	-	(506,493)	-
Expired performance rights transferred to retained earnings <sup>(iii)</sup>	-	(36,125)	-	-
Performance rights forfeited / written off <sup>(ii)</sup>	-	-	-	(45,669)
<b>Balance at end of year</b>	<b>10,579,477</b>	<b>8,361</b>	<b>11,604,153</b>	<b>26,376</b>

<sup>(i)</sup> Issued to key employees under Spectur's LTI plan. Refer Note 26.

<sup>(ii)</sup> Value of performance rights written back due to vesting conditions not anticipated being met and employee cessation.

<sup>(iii)</sup> Note 2,917,695 performance rights lapsed on 1 July 2022, due to the performance conditions not being met.

## Other Notes to the Financial Statements

### Note 10: Loss per Share

#### Basic loss per share

	30 June 2022	30 June 2021
	Cents per share	Cents per share
Basic and diluted loss per share	<u>(1.8)</u>	<u>(1.7)</u>

#### Losses

#### Losses used in the calculation of basic loss per share is as follows:

	30 June 2022	30 June 2021
	\$	\$
Loss for the year	<u>(1,908,779)</u>	<u>(1,755,415)</u>

#### Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

	30 June 2022	30 June 2021
	Number	Number
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>106,305,280</u>	<u>103,464,820</u>

Share options and performance rights are not considered dilutive, as their impact would be to decrease the net loss per share.

### Note 11: Cash and Cash equivalents

#### Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	30 June 2022	30 June 2021
	\$	\$
Cash on hand and in bank	657,434	1,689,960
Credit cards	(27,821)	(1,248)
<b>Net cash and cash equivalents</b>	<u><b>629,613</b></u>	<u><b>1,688,712</b></u>

At 30 June 2022, the Company had a credit card facility of \$50,000 (2021: \$50,000) and does not attract any interest if paid within the required period.

## Other Notes to the Financial Statements

### Note 11: Cash and Cash equivalents (continued)

#### 11.1 Reconciliation of loss after tax to net cash outflow from operating activities:

	30 June 2022	30 June 2021
	\$	\$
Loss for the year	(1,908,779)	(1,755,415)
<b>Adjustments for non-cash income and expense items</b>		
Depreciation and amortisation	576,513	568,257
Impairment of intangibles	-	12,640
Accrued R&D & COVID 19 refund receivable	(278,919)	(220,283)
(Profit) / Loss on disposal of property and equipment	6,185	1,674
Share-based payment expense	124,482	167,342
Issue of Shares in lieu of Director fees	-	24,661
Loss attributable to non-consolidated entities	38,570	-
Provisions	(50,819)	264,911
<b>Change in assets and liabilities</b>		
Decrease / (Increase) in trade and other receivables	76,411	(323,455)
(Increase) in inventories	125,447	(281,482)
(Decrease) / Increase in trade and other payables	7,193	577,346
<b>Net cash outflow from operating activities</b>	<b>(1,283,716)</b>	<b>(963,804)</b>

#### 11.2 Reconciliation of liabilities arising from cash flows from financing activities:

	Notes	Lease liability	Loans	Total
Balance at 1 July 2020	20	281,071	93,488	374,559
Leases recognised on the adoption of AASB 16	21	-	-	-
Acquisition of leases	21	142,443	-	142,443
Derecognition of leases	21	-	-	-
Repayments	21	(107,853)	(37,400)	(145,253)
Interest paid	21	12,102	4,425	16,527
<b>Balance at 30 June 2021</b>	21	<b>327,763</b>	<b>60,513</b>	<b>388,276</b>
Acquisition of leases	21	113,432	-	113,432
Increase in borrowings	21	-	769,634	769,634
Repayments	21	(172,055)	(65,863)	(237,918)
Repayment relating to investing activities		-	-	-
Interest paid	21	15,334	-	15,334
<b>Balance at 30 June 2022</b>	<b>20 &amp; 21</b>	<b>284,474</b>	<b>764,284</b>	<b>1,048,758</b>

## Other Notes to the Financial Statements

### Note 12: Trade and Other receivables

	30 June 2022	30 June 2021
	\$	\$
Trade receivables <sup>(i)</sup>	997,604	996,481
Allowance for expected credit losses <sup>(ii)</sup>	(31,941)	(30,898)
	965,663	965,583
Prepayments	78,382	30,920
Other	-	149
R&D refund receivable	278,919	220,283
<b>Total</b>	<b>1,322,964</b>	<b>1,216,935</b>

<sup>(i)</sup> Trade receivables are non-interest bearing and are generally on terms of 30 days to 60 days. All amounts are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

<sup>(ii)</sup> Note 24 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

### Movement in allowance for expected credit losses

	30 June 2022	30 June 2021
	\$	\$
Balance at the beginning of the year	30,898	51,765
Provision for expected credit losses	5,265	6,039
Written off	(4,222)	(26,906)
<b>Closing balance</b>	<b>31,941</b>	<b>30,898</b>

### Expected credit losses

The Company applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 June 2022 and 30 June 2021 respectively as well as the corresponding historical credit losses during that period. Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery. On the above basis the expected credit loss for trade receivables at 30 June 2022 and 30 June 2021 was determined as follows:

30 June 2022	Trade receivables past due					Total
	Current (not past due)	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	More than 90 days past due	
Expected credit loss rate	2.8%	2.9%	3.2%	4.1%	6.5%	3.2%
Gross carrying amount	527,699	182,561	42,818	214,386	30,140	997,604
Lifetime expected credit loss	14,535	5,238	1,349	8,870	1,949	31,941

## Other Notes to the Financial Statements

### Note 12: Trade and other Receivables (continued)

#### Expected credit losses (continued)

30 June 2021	Trade receivables past due					Total
	Current (not past due)	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	More than 90 days past due	
Expected credit loss rate	1.6%	2.2%	4.0%	9.9%	17.6%	3.1%
Gross carrying amount	689,035	190,939	26,554	15,588	74,365	996,481
Lifetime expected credit loss	10,969	4,236	1,061	1,547	13,085	30,898

The closing balance of the trade receivables allowance for expected credit losses as at 30 June 2022 reconciles with the trade receivables allowance for expected credit losses opening balance as follows:

	30 June 2022
	\$
<b>30 June 2020</b>	<b>51,765</b>
Amounts written off	(26,906)
Net remeasurement of loss allowance	6,039
<b>30 June 2021</b>	<b>30,898</b>
Amounts written off	(4,222)
Net remeasurement of loss allowance	5,265
<b>Closing balance – 30 June 2022</b>	<b>31,941</b>

### Note 13: Inventories

	30 June 2022	30 June 2021
	\$	\$
Raw materials – cost	496,107	559,209
Work in progress – cost	56,655	18,287
Finished goods - cost	96,703	197,417
<b>Total</b>	<b>649,465</b>	<b>774,913</b>

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis; and
- Work in progress – purchase cost on a first-in, first-out basis; and
- Finished goods – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## Other Notes to the Financial Statements

### Note 14: Property, Plant and Equipment

	Spectur platforms \$	Improve- ments \$	Plant and equipment \$	Office equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2021	362,044	9,492	40,443	42,719	86,823	541,521
Additions	194,323	3,741	7,896	4,454	72,570	282,984
Disposals	-	-	(5,418)	(5,636)	(17,756)	(28,810)
Depreciation charge for the year	(242,878)	(4,444)	(19,006)	(18,479)	(40,793)	(325,600)
<b>Balance at 30 June 2022</b>	<b>313,489</b>	<b>8,789</b>	<b>23,915</b>	<b>23,058</b>	<b>100,844</b>	<b>470,095</b>
Balance at 1 July 2020	388,945	4,761	43,738	60,696	123,708	621,848
Additions	218,101	6,256	12,863	10,938	-	248,158
Disposal	(1,808)	-	-	-	-	(1,808)
Depreciation charge for the year	(243,194)	(1,525)	(16,158)	(28,915)	(36,885)	(326,677)
<b>Balance at 30 June 2021</b>	<b>362,044</b>	<b>9,492</b>	<b>40,443</b>	<b>42,719</b>	<b>86,823</b>	<b>541,521</b>

#### Plant and equipment

The carrying value of plant and equipment held under chattel mortgage contracts at 30 June 2022 is \$nil (2020: \$8,894). There were no additions or disposals of plant and equipment held under chattel mortgage contracts in the current or previous financial year.

#### Motor Vehicles

The carrying value of motor vehicles held under chattel mortgage contracts at 30 June 2022 is \$64,284 (2022: \$67,855).

### Note 15: Investment accounted for using the equity method

Name of joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by Spectur	
			30 June 2022	30 June 2021
Spectur New Zealand Pty Ltd	NZ	Provide Spectur security, sensing and visual artificial intelligence products to New Zealand customers.	51%	51%

The investment in Spectur NZ is accounted for using the equity method in accordance with AASB 128. No dividends were received from Spectur NZ during the year ended 30 June 2022. Spectur NZ is a private company; therefore, no quoted market prices are available for its shares.

## Other Notes to the Financial Statements

### Note 16: Intangibles

	Patents	Product Development	Other Intangibles	Total
	\$	\$	\$	\$
<i>Carrying value</i>				
Cost	38,674	739,339	100,000	878,013
Impairment	-	(72,763)	(13,884)	(86,647)
Accumulated amortisation	(20,832)	(588,306)	(86,116)	(695,254)
<b>Carrying value at 30 June 2022</b>	<b>17,842</b>	<b>78,270</b>	<b>-</b>	<b>96,112</b>
Cost	38,674	739,339	100,000	878,013
Impairment	-	(72,763)	(13,884)	(86,647)
Accumulated amortisation	(15,624)	(510,037)	(86,116)	(611,777)
<b>Carrying value at 30 June 2021</b>	<b>23,050</b>	<b>156,539</b>	<b>-</b>	<b>179,589</b>

	Patents	Product Development	Other Intangibles	Total
	\$	\$	\$	\$
<i>Reconciliation – current year</i>				
Carrying value as at 1 July 2021	23,050	156,539	-	179,589
Amortisation	(5,208)	(78,269)	-	(83,477)
<b>Carrying value at 30 June 2022</b>	<b>17,842</b>	<b>78,270</b>	<b>-</b>	<b>96,112</b>
<i>Reconciliation – prior year</i>				
Carrying value as at 1 July 2020	28,258	281,515	-	309,773
Amortisation	(5,208)	(112,336)	-	(117,544)
Impairment	-	(12,640)	-	(12,640)
<b>Carrying value at 30 June 2021</b>	<b>23,050</b>	<b>156,539</b>	<b>-</b>	<b>179,589</b>

#### *Intangible assets acquired separately*

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

#### *Patents*

Patents that have lapsed or are forfeited and are not rolled into new patents, have been impaired and moved to an expense in the year the patents lapsed/expired.

#### *Internally generated intangible assets – research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

## Other Notes to the Financial Statements

### Note 16: Intangibles (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Patents	8 Years
Product development	3 to 5 Years
Other Intangibles	3 Years

#### **Impairment of tangible and intangible assets other than Other Intangibles**

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

#### **Other Intangibles**

Other Intangibles acquired are initially measured at cost.

Following initial recognition, Other Intangibles are measured at cost less amortisation and any impairment losses.

Other Intangibles are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (Group of cash-generating units), to which the Other Intangibles relates. When the recoverable amount of the cash-generating unit (Group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When Other Intangibles forms part of a cash-generating unit (Group of cash-generating units) and an operation within that unit is disposed of, the Other Intangibles associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Other Intangibles disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for Other Intangibles are not subsequently reversed.

## Other Notes to the Financial Statements

### Note 17: Right-of-use Assets

	30 June 2022	30 June 2021
	\$	\$
Land and buildings – right-of-use	594,364	480,932
Less: Accumulated depreciation	(320,558)	(160,644)
<b>As at 30 June</b>	<b>273,806</b>	<b>320,288</b>

### Reconciliation

	30 June 2022	30 June 2021
	\$	\$
As at 1 July	320,288	278,030
Additions	113,432	158,022
Amortisation expense	(159,914)	(115,764)
<b>As at 30 June</b>	<b>273,806</b>	<b>320,288</b>

The Company leases land and buildings for its offices and warehouses under agreements of between two to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

### Note 18: Trade and other payables

	30 June 2022	30 June 2021
	\$	\$
Accounts payable <sup>(i)</sup>	289,946	245,034
Accruals	113,655	166,725
ATO & State Governments	163,888	324,704
Unearned revenue	685,922	558,764
Customer pre-payments	73,500	45,391
Other payables	-	248
<b>Total</b>	<b>1,326,911</b>	<b>1,340,866</b>

<sup>(i)</sup> Trade payables are non-interest bearing and are normally settled on 30-day terms. Refer to note 24 for further information on financial instruments.

### Note 19: Employee benefits

	30 June 2022	30 June 2021
	\$	\$
Current Liabilities	440,602	463,529
Non-Current liabilities	33,789	67,324

## Other Notes to the Financial Statements

### Note 19: Employee benefits (continued)

#### *Current*

Employee benefits expected to be settled within the next 12 months. The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

#### *Non-current*

Employee benefits expected to be settled after 12 months

### Note 20: Borrowings and other financial liabilities

	30 June 2022	30 June 2021
	\$	\$
<i>Current loans</i>		
Secured loans	8,584	60,513
<b>Total current loans</b>	<b>8,584</b>	<b>60,513</b>
<i>Non-current loans</i>		
Non-secured loans	700,000	-
Secured loans	55,700	-
<b>Total non-current loans</b>	<b>755,700</b>	<b>-</b>
<b>Total loans</b>	<b>764,284</b>	<b>60,513</b>

#### *Secured Loans*

These loans are secured by Motor Vehicles. The interest rates on these loans are fixed at 3.40% and interest is repayable within a period of 51 months from the reporting date. Total monthly repayments are \$886.

#### *Non-Secured Loans*

This is a \$1.5 million loan facility with EGP Capital. Interest on this loan is 7% on the drawdown amount. There is also a 3% line fee which is payable quarterly in advance until the end of the contract date – 31 December 2023. At balance date the Company had drawn down \$700,000 of this facility. The facility is repayable, at the option of the Company, either in cash or by issuing fully paid Spectur Limited ordinary shares. The number of shares to be issued would be based on a 20% discount to the 30-day Volume Weighted Average Price (VWAP) of Spectur Limited shares as trading on the ASX. The Company has effectively been granted a put option by EGP Capital, which creates a derivative. The Company has calculated this derivative to be an immaterial amount, therefore the liability has been stated at its face value at balance date.

### Note 21: Lease liabilities

	30 June 2022	30 June 2021
	\$	\$
Current lease liabilities	166,728	158,310
Non-current lease liabilities	117,746	169,453
<b>As at 30 June</b>	<b>284,474</b>	<b>327,763</b>

## Other Notes to the Financial Statements

### Note 21: Lease liabilities (continued)

#### Reconciliation

	30 June 2022	30 June 2021
	\$	\$
As at 1 July	327,763	281,071
Lease inception	113,432	142,443
Principal repayments	(156,721)	(95,751)
<b>Total</b>	<b>284,474</b>	<b>327,763</b>

The Company leases several premises, and the average lease term is 3 years. Refer Note 24 for further information on financial instruments.

### Note 22: Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

#### Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Company's obligation.

#### Equipment Rental Costs

The provision for equipment rental costs relates to the estimated cost of work to be carried out in relation to the removal and refurbishment of rental equipment at the end of the rental agreement term. The provision represents the best estimate of the present value of the expenditure required to settle the obligation at the reporting date. Future costs are reviewed annually and any changes in the estimate are reflected in the present value of the equipment rental provision at each reporting date.

	Warranties	Equipment Rental	Total current
	\$	\$	\$
Balance as at 30 June 2021	55,162	59,137	114,299
Provided during the year	81,022	66,764	147,786
Utilised	(81,022)	(66,763)	(147,785)
<b>Balance at 30 June 2022</b>	<b>55,162</b>	<b>59,138</b>	<b>114,300</b>
Balance as at 30 June 2020	29,693	59,137	88,830
Provided during the year	87,103	31,596	118,699
Utilised	(61,634)	(31,596)	(93,230)
<b>Balance at 30 June 2021</b>	<b>55,162</b>	<b>59,137</b>	<b>114,299</b>

## Other Notes to the Financial Statements

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### **Note 23: Dividends**

The directors of the Company have not declared any dividend for the years ended 30 June 2022 and 2021.

### **Note 24: Financial Instruments**

#### **Capital risk management**

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure and reduce the cost of capital.

The capital structure of the Company consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

#### **Financial risk management objectives**

The Company is exposed to:

- (i) market risk (which includes foreign currency exchange risk, interest rate risk, share price risk and commodity price risk),
- (ii) credit risk and (iii) liquidity risk.

Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments.

#### ***Market risk***

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, and share prices. There has been no change to the Company's exposure to market risks or the way it manages and measures the risk from the previous period.

#### ***Foreign currency exchange risk management***

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising purchasing limits.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars were nil.

#### ***Foreign currency sensitivity analysis***

The sensitivity analyses below detail the Company's sensitivity to an increase/decrease in the Australian dollar against the United States dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

A 100-basis point is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the possible change in foreign exchange rates. At balance date, if foreign exchange rates had been 10 basis point higher or lower and all other variables were held constant, the Company's:

- Profit or loss would increase/decrease by \$nil (2021: \$nil); and
- Equity reserves would increase/decrease by \$nil (2021: \$nil).

The Company's sensitivity to foreign exchange has not changed significantly from the prior year.

#### ***Interest rate risk management***

The Company's exposure to the risk of changes in market interest rates relates primarily to the bank overdrafts with floating interest rate.

These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

A 250 basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

## Other Notes to the Financial Statements

### Note 24: Financial Instruments(continued)

#### Interest rate risk management (continued)

At balance date, if interest rates had been 250 basis points higher or lower and all other variables were held constant, the Company's:

- Profit or loss would increase/decrease by \$nil (2021: \$nil); and
- Equity reserves would increase/decrease by \$nil (2021: \$nil).

The Company's sensitivity to interest rate risk has not changed significantly from the prior year.

#### Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

#### Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Company will always have sufficient liquidity to meet its liabilities when due by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### Non-derivative financial liabilities

The following tables detail the Company's expected contractual maturity for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Company can be required to repay.

The tables include both interest and principal cash flows.

30 June 2022	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<i>Financial Liabilities</i>					
Trade and other payables	1,326,911	-	-	-	1,326,911
Lease liabilities	88,052	88,875	120,866	-	297,793
Loans payable	52,318	52,318	781,570	-	886,206
<b>Total</b>	<b>1,467,281</b>	<b>141,193</b>	<b>902,436</b>	<b>-</b>	<b>2,510,910</b>

30 June 2021	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<i>Financial Liabilities</i>					
Trade and other payables	1,340,866	-	-	-	1,340,866
Lease liabilities	85,598	85,698	175,882	-	347,178
Loans payable	40,824	19,689	-	-	60,513
<b>Total</b>	<b>1,467,288</b>	<b>105,387</b>	<b>175,882</b>	<b>-</b>	<b>1,748,557</b>

## Other Notes to the Financial Statements

### Note 24: Financial Instruments(continued)

#### *Fair value measurement*

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

The Company has several financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation of their fair values.

### Note 25: Contingent liabilities

The Company had no contingent liabilities as at the reporting date.

### Note 26: Share-based payments

#### **a) Recognised Share-based Payment Expense**

From time to time, the Company provides Incentive Options or Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options / Performance Rights granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

During the past two years, the following equity-settled share-based payments have been recognised:

	30 June 2022 \$	30 June 2021 \$
Expense arising from equity-settled share-based payment transactions	124,482	213,011
Value of Performance Rights forfeited / written back	-	(45,669)
<b>Net share based (income) / payment expense recognised in profit or loss</b>	<b>124,482</b>	<b>167,342</b>

The following share-based payment arrangements were in place during the current and prior periods:

Options	Number	Grant date	Expiry date	Exercise price \$	Fair value at balance date \$	Vesting date \$
Employee options	2,200,000	30 Jun 2021	30 Jun 2024	0.10	77,458	30 Jun 2021
Director options	2,100,000	30 Jun 2021	30 Jun 2024	0.13	90,832	29 Oct 2021
EGP Capital options	2,250,000	29 Oct 2021	31 Dec 2023	0.13	89,478	29 Oct 2021

<sup>(i)</sup> During the year ended 30 June 2022, an expense of \$106,372 (2021: \$151,396) was incurred for options issued.

In recognition of the continued dedication of the key management and senior employees of Spectur, in particular during FY20 and FY21, throughout periods of Company imposed salary reductions, the Board issued:

- 2,200,000 unquoted Options to members of Spectur's key management personnel (other than Directors) under the Scheme, exercisable at \$0.10, on or before 30 June 2024
- 1,600,000 unquoted Options to Directors under the Scheme, exercisable at \$0.13, on or before 30 June 2024.

## Other Notes to the Financial Statements

### Note 26: Share-based payments (continued)

#### a) Recognised Share-based Payment Expense (continued)

2022	EGP Capital
Dividend yield (%)	0%
Expected volatility (%)	90.97%
Risk-free interest rate (%)	1.69%
Expected life of rights (years)	2.17
Exercise price (cents)	0.12
Grant date share price	0.09

Performance rights	Number	Grant date	Expiry date	Value at grant date \$	Fair value at balance date \$	Vesting date \$
Director <sup>1</sup>	1,607,919	11 Nov 2019	30 Jun 2023	0.09	147,971	30 Jun 2022
Employees <sup>1</sup>	179,345	11 Nov 2019	30 Jun 2023	0.09	14,500	30 Jun 2022
Director	3,301,887	30 Oct 2020	30 Jun 2024	0.05	138,422	30 Jun 2023
Employees	341,981	30 Oct 2020	30 Jun 2024	0.05	14,337	30 Jun 2023
Director <sup>2</sup>	2,083,333	28 Jun 2021	30 Jun 2024	0.07	145,833	30 Jun 2023
Employees <sup>1</sup>	3,065,012	28 Jun 2021	30 Jun 2024	0.07	214,551	30 Jun 2023

<sup>1</sup> During the year ended 30 June 2022, 1,309,776 (2021:1,024,676) employee performance rights and 1,607,919 (2021:nil) director performance rights were unable to achieve the vesting conditions. This resulted in a reversal of previously expensed amounts of \$nil (2021: \$5,035). These Performance Rights were cancelled following the year end.

<sup>2</sup> Performance rights allocated to the Managing Director were approved at the Company's Annual General Meeting.

#### **Long Term Incentives - Performance Rights**

The Performance Rights detailed above have been allocated and/or issued to key management personnel and senior employees under the Scheme as long-term incentives.

The Performance Rights are issued for \$nil cash consideration but will not vest unless the performance conditions set by the Board have been satisfied, with the final quantum to be determined on the vesting and measurement date of 30 June 2023. Refer to Section E of the Remuneration Report of the accounts for the details of the performance conditions.

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of performance rights granted were incorporated into the measurement of fair value.

## Other Notes to the Financial Statements

### Note 26: Share-based payments (continued)

#### b) Summary of Options Granted as Share-based Payments

The following table illustrates the number and weighted average exercise prices (WAEP) of Incentive Options granted as share-based payments at the beginning and end of the financial year:

	30 June 2022		30 June 2021	
	Number	WAEP	Number	WAEP
Outstanding at beginning of year	4,300,000	\$0.10	7,000,000	\$0.20
Expired options	-	-	(7,000,000)	\$0.20
Granted by the Company during the year	2,250,000	0.12	4,300,000	\$0.10
<b>Outstanding at end of year</b>	<b>6,550,000</b>	<b>\$0.11</b>	<b>4,300,000</b>	<b>\$0.10</b>
<b>Exercisable at the end of year</b>	<b>6,550,000</b>	<b>\$0.11</b>	<b>4,300,000</b>	<b>\$0.10</b>

### Note 27: Related party disclosures

The Company's related parties include Key Management and others as described below.

#### Transactions with Key Management Personnel

The aggregate compensation made to Directors and other Key Management Personnel of the Company is set out below:

	30 June 2022	30 June 2021
	\$	\$
Short-term employee benefits	424,874	361,959
Post – employment benefits	41,711	34,658
Share-based payment	16,895	89,669
<b>Total</b>	<b>483,480</b>	<b>486,286</b>

The amount of share-based payments is calculated in accordance with AASB 2.

More detailed information concerning the remuneration of key management is shown in the Remuneration Report in the Directors' Report.

### Note 28: Auditor's remuneration

The auditor of Spectur Limited is HLB Mann Judd.

	30 June 2022	30 June 2021
	\$	\$
<b>Audit and review of the financial statements</b>	<b>50,500</b>	<b>46,100</b>

## Other Notes to the Financial Statements

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### Note 29: Events after the reporting date

#### **Capital Raising**

On 19 July 2022, Spectur announced the closure of a placement raising \$1.862 million at \$0.036 per share pursuant to a share placement to sophisticated and professional investors and a Share Purchase Plan to raise a targeted \$500,000, with capacity to accept oversubscriptions for up to \$1.15m, via a Security Purchase Plan (SPP) offer at \$0.036 per New Share, together with one free attaching Bonus Option for every two New Shares subscribed, exercisable at \$0.066 per Option, on or before 7 September 2024.

The SPP closed raising \$1.15 million, strongly supported by shareholders. The Placement and SPP Offers were subject to shareholder approval which was obtained at a General Meeting of the Company held on 7 September 2022.

The funds from the Placement and SPP Offer will be deployed to accelerate the growth of the business towards EBITDA and cash breakeven, and in particular application of the funds are to:

- finance market expansion across South and regional Australia;
- engineering to suit 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.

Reach Corporate Pty Ltd as lead manager to the offer were issued 1,500,000 Lead Manager Options, at an issue price of nil, exercisable at \$0.066 on or before 7 September 2025, for its role as Lead Manager, and successful completion of the Offer.

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2022 which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## DIRECTORS' DECLARATION

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1. In the opinion of the Directors of Spectur Limited ("Spectur" or the "Company"):
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Company's financial position at 30 June 2022 and of its performance for the year then ended in accordance with the accounting policies described in the notes to the financial statements; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the board of Directors.



**Darren Cooper**  
**Director**

Dated this 30 September 2022

## INDEPENDENT AUDITOR'S REPORT

To the members of Spectur Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Spectur Limited ("the Company") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

**hlb.com.au**

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Revenue and related risk of fraud</b> Refer to Note 5</p> <p>The total revenue from operations for the year is \$5,828,024, with revenue being predominately generated through equipment sales, rentals and related services.</p> <p>Due to the material nature of this balance and the presumption of fraud risk over revenue recognition, as prescribed by Australian Auditing Standards, this area has been subject to significant audit procedures.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We reviewed the Company's accounting policy regarding the recognition and/or deferral of revenue in line with AASB 15 <i>Revenue from Contracts with Customers</i>;</li> <li>- We reviewed the calculation of deferred revenue to ensure that it is correctly calculated and in accordance with AASB 15;</li> <li>- We selected a sample of revenue transactions and agreed the transactions to underlying supporting documentation;</li> <li>- We performed audit procedures to ensure that revenue is materially complete, including procedures surrounding cut-off at balance date; and</li> </ul> <p>We assessed the adequacy of the Company's disclosures in respect of revenue and deferred revenue.</p>

*Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Spectur Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*HLB Mann Judd*

**HLB Mann Judd  
Chartered Accountants**

**Perth, Western Australia  
30 September 2022**

*L Di Giallonardo*

**L Di Giallonardo  
Partner**

## Additional Securities Information

### ADDITIONAL SHAREHOLDER INFORMATION

#### SHAREHOLDING

The distribution of members and their holdings of equity securities in the Company as at 15 September 2022 were as follows:

##### Quoted Securities:

There is one class of quoted securities, being fully paid ordinary shares.

Category (Size of holding)	Fully Paid Ordinary Shares	
	Shareholders	Shares
1 – 1,000	41	6,317
1,001 – 5,000	63	200,501
5,001 – 10,000	129	1,039,712
10,001 – 100,000	485	19,772,323
100,001 and over	276	168,964,581
<b>Total</b>	<b>994</b>	<b>189,983,434</b>

There are 994 holders of ordinary shares.

#### b) Marketable parcel

There are 293 shareholders with less than a marketable parcel (basis price \$0.036), with a total of 1,988,670 shares amounting to 1.05% of issued capital.

#### c) Voting rights – Ordinary Shares

Every person present, who is a member, or a proxy, attorney or representative of a member has one vote upon a poll for each share held.

#### d) Substantial Shareholders

There are no substantial shareholders listed on the Company's register as at 15 September 2022.

#### e) On market buy-back

There is no on-market buy-back scheme in operation for the Company's quoted shares.

## Additional Securities Information

### SHAREHOLDER INFORMATION (continued)

#### f) Twenty Largest Shareholders

The names of the twenty largest holders of each class of quoted equity security, being fully paid ordinary shares, the number of equity security each holds and the percentage of capital each hold at 15 September 2022 is as follows:

Position	Holder Name	Holding	% Held
1	NATIONAL NOMINEES LIMITED	4,500,000	2.37%
2	DR MALAKA AMERATUNGA	4,133,333	2.18%
3	SANDHURST TRUSTEES LTD <EQUIT INV DRAGONFLY A/C>	3,920,064	2.06%
4	MR PETER JOHN FERRIS	3,821,184	2.01%
5	MR DUMINDA AMARAKOON & MRS GERALDINE AMARAKOON <DURO SUPERFUND A/C>	3,650,000	1.92%
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,482,908	1.83%
7	MR DARREN JOHN COOPER	3,337,212	1.76%
8	MR MARK DAMION KAWECKI	3,194,444	1.68%
9	APPWAM PTY LTD	3,000,000	1.58%
10	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	2,949,784	1.55%
11	JOMAHO INVESTMENTS PTY LTD	2,916,667	1.54%
12	SONDANCE PTY LTD <JOLPET A/C>	2,777,778	1.46%
13	CHARLES RICHARD WALLACE WILKINS	2,690,070	1.42%
14	CAMDEN EQUITY PTY LTD <BYRNE HYBRID INVESTMENT A/C>	2,363,334	1.24%
15	CITICORP NOMINEES PTY LIMITED	2,329,849	1.23%
16	MR ALISTAIR CHARLES JACKSON	2,233,333	1.18%
17	GERARD JOHN DYSON	2,217,734	1.17%
18	MR GEORGE LIONTOS & MRS CRISTINA LIONTOS <FRANCIS ALEXANDRA S/F A/C>	2,200,000	1.16%
19	MR LAITH CUNNEEN	2,172,268	1.14%
20	MR ANTON DE SILVA GUNAWARDENA & MRS THERESE SASHA MARIETTE FERNANDO <SEROTUTOR SUPERFUND A/C>	2,116,666	1.11%
	<b>Total</b>	<b>60,006,628</b>	<b>31.59%</b>

Securities (Unquoted)	Number of Securities	Number of Holders	Holders with more than 20%
Options (Exercisable at \$0.10, expiring 30 June 2024)	2,200,000	4	Refer A Below
Options (Exercisable at \$0.13, expiring 30 June 2024)	2,100,000	3	Gerard Dyson (or his nominee holders 52.4%, Darren Cooper and Bilyana Smith hold 23.8% each.
Options (Exercisable at \$0.12, expiring 31 Dec 2023)	2,250,000	1	EGP (or his nominee) holds 100% of the Options on issue.
Options (Exercisable at \$0.066, expiring 7 Sept 2024)	41,839,035	146	Nil
Performance Rights	7,661,782	4	Gerard Dyson (or his nominee) holds 5,385,220 performance rights which is equal to 70.29% of the Performance Rights on issue.
Options (Exercisable at \$0.066, expiring 7 Sept 2024)	1,500,000	1	100% of these Options are held by Reach Corporate.

## Additional Securities Information

A) Holders of More than 20% of Options (Exercisable at \$0.10, expiring 30 June 2024)

Position	Holder Name	Holding	% Held
1	SUZIE FOREMAN	500,000	22.73%
2	FREDERIK MARE	600,000	27.27%
3	NICHOLAS LE MARSHALL	800,000	36.36%
	<b>Total</b>	<b>1,900,000</b>	<b>86%</b>

### Voting rights

Unquoted options or performance rights do not entitle the holder to any voting rights.

### OTHER ASX INFORMATION

#### 1. Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the year is contained in Appendix 4G.

This corporate governance statement lodged on the same day as the Annual Report is current as at the Company's reporting date and has been approved by the Board of the Company.

#### 2. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Securities Exchange.

#### 3. Restricted Securities

There are no restricted securities on issue.