

# Spectur Limited

## Appendix 4D

### Half Year Report- For the six months ended 31 December 2021

(Previous corresponding period: 31 December 2020)

#### Results for announcement to the market

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##### 1. Reported

	31 December 2021 Current Period \$	Percentage Change Up /(Down)	Change Up /(Down) \$	31 December 2020 Previous Corresponding Period \$
Revenue from ordinary activities	2,861,664	40.5%	824,904	2,036,760
Loss from ordinary activities after tax	(967,760)	4.8%	48,537	(1,016,297)
Net Loss for the period attributable to members	(967,760)	4.8%	48,537	(1,016,297)

Commentary on the above figures is included in the attached Interim Financial Report for the half year ended 31 December 2021.

##### 2. Dividend payments

Refer to attached Interim Financial Report for the half year ended 31 December 2021.

The Company does not propose to pay any dividends in the current period.

##### 3. Net tangible assets per security

	Current Period (31 December 2021)	Previous Corresponding Period (31 December 2020)
Cents per ordinary share	1.09 cents	2.42 cents

Derived by dividing the net assets less intangible assets attributable to equity holders of the Company by the total ordinary shares at 31 December 2021 (106,305,280) and 31 December 2020 (106,305,280) respectively.

**4. Status of audit**

The Interim Financial Report for the half year ended 31 December 2021 has been audit reviewed and is not subject to dispute or qualification, and the review report is attached as part of this half year report.

**5. Attachments**

The half year report of Spectur Limited for the six month period ended 31 December 2021 is attached.



# **Spectur Limited**

ACN 140 151 579

## **Interim Financial Report 31 December 2021**

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## Content

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Corporate Information	2
Directors' Report	3
Auditor's Independence Declaration	8
Condensed Statement of Profit or Loss and other Comprehensive Income	9
Condensed Statement of Financial Position	10
Condensed Statement of Changes in Equity	11
Condensed Statement of Cash Flows	12
Basis of Preparation	13
Other Notes to the Condensed Interim Financial Statements	15
Directors' Declaration	22
Independent Auditor's Review Report	23

### Directors

Mr Darren John Cooper  
Dr Gerard John Dyson  
Mrs 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  
Level 26, 140 St Georges Terrace  
Perth, WA 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](mailto:hello@automic.com.au)

# Directors' Report

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") for the half year ended 31 December 2021.

## Directors and Officers

The names of directors and officers who held office during or since the end of the half 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

## Principal Activities

The principal activity of the Company during the half year was to develop, manufacture and sell Remote Solar 3G/4G based deterrence, surveillance and warning systems, and associated products and services. The Company is also expanding its pipeline of solutions and platforms, leveraging its unique technology to non-security related markets.

## Operating and Financial Review

### Market Conditions

The Spectur purpose of "Making Communities Safer" has only become more relevant and timelier. Key drivers that resonate with the need for Spectur solutions include:

- The explosion of artificial intelligence, including the applications for camera footage, continue along with the need for platforms to capture the data and run the algorithms.
- an ongoing construction boom maintaining pressure on building supplies and equipment due to supply chain and demand issues.
- An increase in crimes against property (January 2022 was the highest month since March 2020, based on WA statistics).
- A multitude of hazards such as shark attack, bushfire and tsunami remaining and becoming increasingly visible.

Despite these ongoing longer term tailwinds, Spectur's H1 FY22 performance was impacted by relatively volatile short term market conditions for Spectur. External factors, including substantial lockdowns in NSW and Victoria in Q1, followed by the effects of the emergence of the Omicron variant in Q2 were unexpected at the end of last financial year. The ongoing impact of international and state border restrictions and the follow-on effects on shipping, staffing and market sentiment also created additional challenges in both sales and operations within Spectur.

### Revenue from Operations

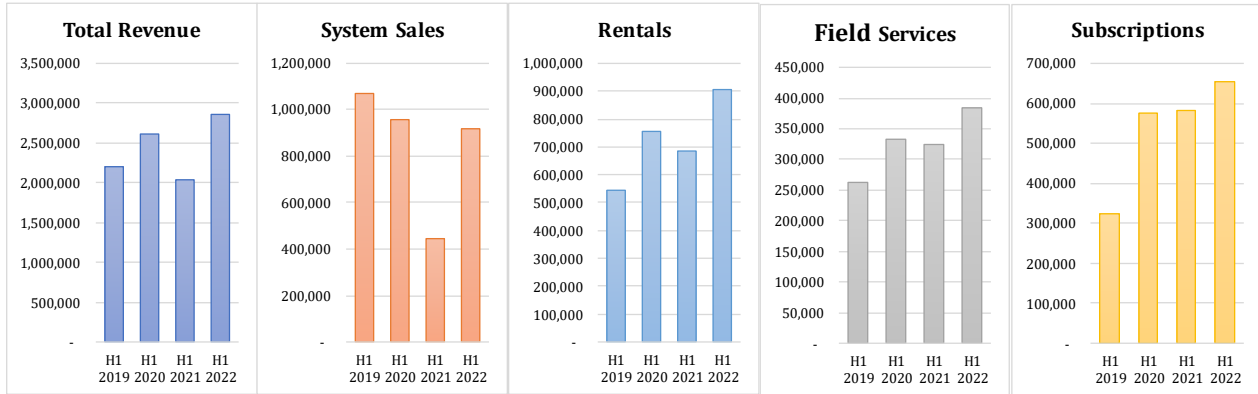
For H1 FY22 (six months to December 2021) Spectur reported revenue of \$2,862k, up 41% on H1 FY21 (six months to December 2020) of \$2,037k and up 9% on the pre-COVID H1 FY20 of \$2,619k. Noting the ongoing impacts of significant lockdowns in Q1 FY22 and subsequent follow-on effect of Omicron in Q2, the revenue growth is indicative of greater potential in a market without pandemic constraints and impacts.

Comparing H1 FY22 in more detail with H1 FY21 provides additional insights as to the sources of growth:

Revenue	H1 FY22 \$'000	H1 FY21 \$'000	% increase
System sales	920	446	106%
Field services	381	323	24%
Subscriptions	655	581	10%
Rentals	904	687	31%
Total	2,862	2,037	41%

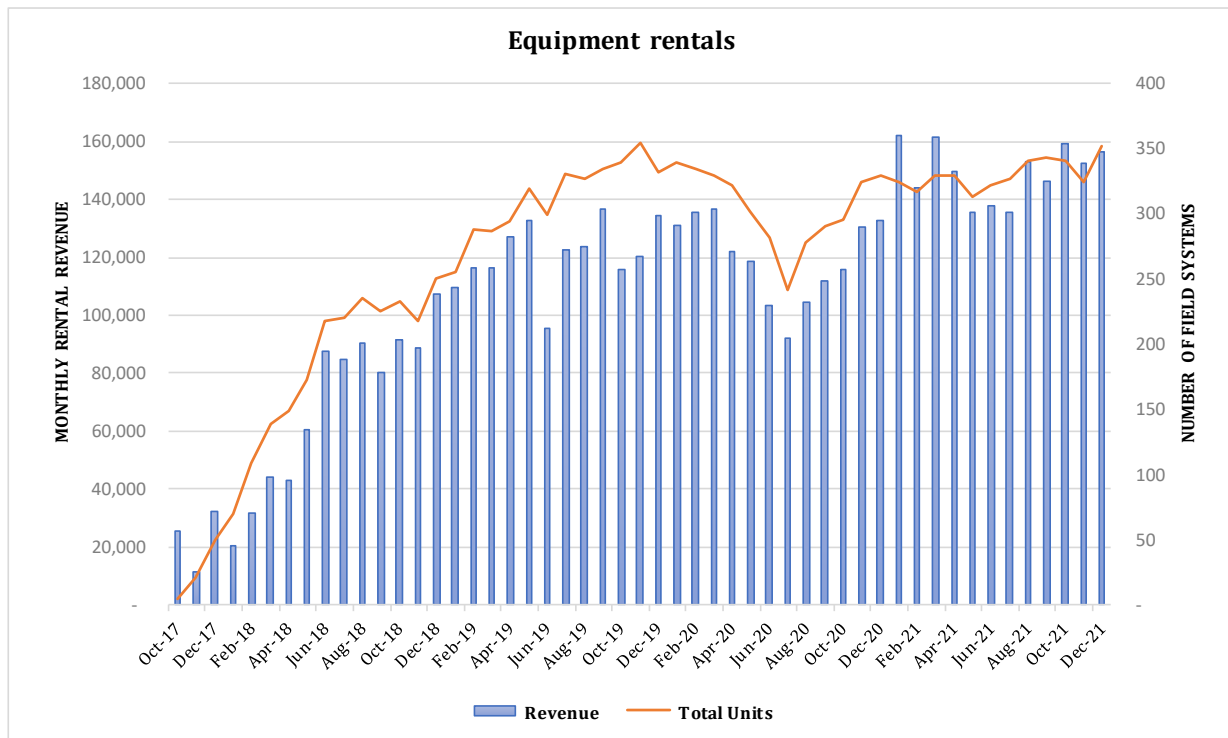
Currently there are more than 2,000 cameras active within the Spectur ecosystem, each requiring Spectur software services and, pending requirements for relocation or maintenance, field services. Even relatively large additional sales only have an impact on subscription revenue in proportion to the existing deployed fleet.

# Directors' Report



Charts above show the substantial decline in sales revenue in H1 FY21, with most of these sales being recovered in the most recent period (H1 FY22).

The limited capital outlay for customers engaging in rentals and the longer-term duration of many rental contracts, meant that the rental decline in H1 FY21 was proportionally less compared to sales. H1 FY22 has demonstrated ongoing growth above pre-COVID levels in both number of systems and more so in revenue.



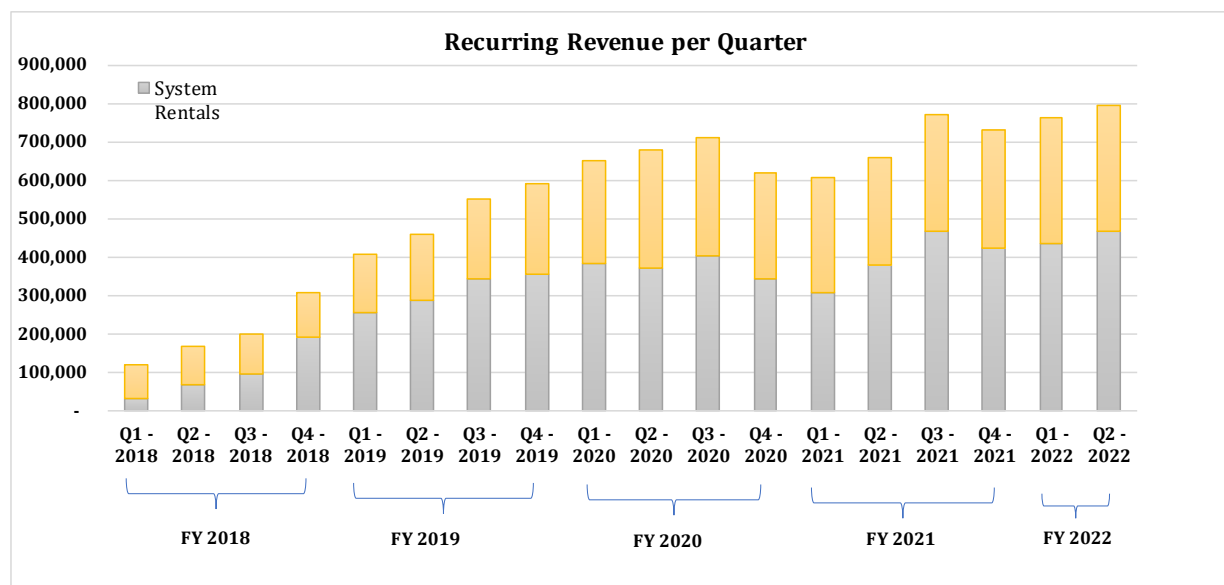
Whilst Spectur has focussed substantial business development efforts on government, utility and institutional type customers, the rental fleet is primarily utilised by the building and construction industry. It is expected that the pace of rental growth will be outstripped by the pace of unit sales and associated revenue as Spectur increasingly moves towards customers with longer-term or permanent needs.

Recurring revenues from subscriptions in H1 FY22, which includes data plan, server access and monitoring services were \$655k, an increase of 10% over the \$597k for H1 FY21, delivering a record half and quarter.

Average monthly rental fees per unit have increased from \$389 (in H1 FY21) to \$446 (in H1 FY22) as the proportion of more sophisticated and higher value STA6 models have supplemented the HD5 units. This change also reflects the Spectur focus on more differentiated customers where Spectur can add more value. Annualised rental run rates, based on December 2021 deployments are approximately \$1.9m / year.

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## Directors' Report



The total Annualised Recurring Revenue (ARR) for rentals and subscription income is currently run rating at \$3.2 million based upon December 2021 results.

### Expense performance

Expense	H1 FY22 \$'000	H1 FY21 \$'000	% increase
Finance charges	37	9	294%
Employee and Admin	2,119	2,101	1%
Share-based payments	115	142	-19%
Other expenses	412	489	-16%
<b>Total</b>	<b>2,683</b>	<b>2,625</b>	<b>1%</b>

Careful control of payroll costs, and prudence around other spending has underpinned this 2% increase in expenses, compared with revenue increases of 41%.

Challenges with the supply chain and rapid increases in input costs have put some pressure on gross margins, which have declined from 60% to 52%, resulting in a lower-than-expected improvement in EBITDA \$(743)k for H1, FY22, compared with \$(945)k for H1, FY21. The primary sources of these cost increases have been in material costs, including an increase in sheet metal cost of 30% (for example). Secondary costs have related to increases in data and cloud costs. Projects underway are expected to reduce costs in data and cloud in the balance of the financial year, with ongoing engineering (discussed below) on the next generation of products, combined with some sale price increases, expected to attenuate margin erosion in hardware. Spectur is also reviewing and amending customer pricing to reflect some of these increased input costs, in Q3 FY22.

### 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 \$400k, for the first time, in Q2 of FY22. At balance date, combined debt and cash facilities of \$2.1m remained available.

### Technology advances

Spectur managed to mitigate the lack of availability of components for key Spectur technology through re-design and ongoing improvement by in-house electronics engineers. Spectur also invested in additional stock, to manage these challenges which are expected to continue into 2023.

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



## Directors' Report

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In order to further enhance modularity for customers, concepts for the STA7 were developed. This evolution of the STA6 will allow for easy external and third-party camera integration as well as simplifying production and maintenance. The STA7 platform will be designed to suit easy assembly and setup by third parties, allowing extended reseller and the potential for online sales to be realised. This platform will also be designed to suit outsourced manufacture of core components and achieve internal cost targets.

The final key development in the research and development group of Spectur this reporting period involved core architecture of the extended sensing system. Ongoing, rapid advances in communications technology have meant that initial plans for extended, non-camera, sensors have evolved substantially since entering the long-term technology roadmap. Spectur has continued to evaluate a shorter list of solutions that will combine existing industry technology and Spectur developed technology to provide an optimised, scalable solution that suits the low power, low data consumption niche that Spectur leads in.

### Sales and Marketing growth

The benefits of the longer-term outbound sales initiative, launched two and a half years ago, are being realised. Institutional, government and utility customers such as Optus, Australia Tower Networks and Ventia which have been cultivated over months and even years are now bearing the fruits of large contracts, long term usage and relatively high barriers to entry for competitors. The typical sales cycle for Spectur has increased from the relatively short, inbound cycles that characterise the building and construction industry to longer processes that often involve trials and smaller scale purchases prior to larger commitments. In parallel with this, the development of our sales team and the evolution of the Spectur sales process has led to a growing and substantial pipeline of high-quality customers and prospects.

As at the end of January 2022, the Spectur's unweighted pipeline of sales was \$6.4m, with a probability weighted pipeline of \$2.5m. Larger opportunities including ongoing telecommunications and power utility contracts, transport infrastructure customers and some burgeoning reseller opportunities. Whilst not captured in the pipeline value above, for conservatism, Spectur is also exploring additional emergency warning and safety opportunities outside of beaches and some international sales opportunities.

### Enterprise Resource Planning roll out

Spectur is well advanced with the roll out of Microsoft Dynamics as a core Enterprise Resource Planning (ERP) tool. Replacing multiple, less integrated tools, MS Dynamics will fully integrate core financial, payroll, manufacturing, service, sales and rental modules to provide a scalable, efficient platform for Spectur's future growth. It is expected that this process will be concluded and the system in full implementation before the end of FY22. 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 Spectur New Zealand commenced a year ago. The CEO of Spectur NZ, Janke Van Der Vyver says:

*"2022 promises to be a strong year for Spectur NZ, with investment in marketing and business development beginning to pay off. Spectur NZ is now past the 2021 challenges of establishing ourselves in the market and the impact of the pandemic. The latest systems are also proving highly reliable in NZ conditions."*

*We have engaged with 160 organisations who have expressed interest in Spectur products and currently have more than 40 quotes out for consideration. Recent implementations include a pilot with a major City Council and another with a national construction company at a high-profile government site.*

*Strategic opportunities include mobile tower and power pylon protection. General traction is still organic, but we expect one or more of the strategic engagements to catapult the business forward imminently."*

Recruitment of a key sales executive, post the severe lockdowns that characterised most of 2021, has been instrumental in the rapid building of the local pipeline and recent sales. Spectur Limited expects the materiality of Spectur NZ revenues to increase substantially from \$79k in calendar year 2021, along with a move to local profitability later in 2022.

# Directors' Report

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## Significant changes in the state of affairs

There were no significant changes in the state of affairs of Spectur Limited in H1, FY22.

## Dividends

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

## Auditor Independence and Non-Auditor Services

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 review of the half year report. This Independence Declaration is set out on page 8 and forms part of this Directors' report for the half year ended 31 December 2021.

Signed in accordance with a resolution of the directors.



**Dr Gerard John Dyson**  
**Managing Director**

Dated this 27 February 2022

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Spectur Limited for the half-year ended 31 December 2021, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

*HLB Mann Judd*

**Perth, Western Australia  
27 February 2022**

*L Di Giallonardo*

**L Di Giallonardo  
Partner**

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## Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2021

	Notes	Six months to 31 December 2021 \$	Six months to 31 December 2020 \$
<b>Continuing Operations</b>			
Revenue	2	2,861,664	2,036,760
Cost of Sales		(1,377,263)	(807,511)
Gross profit		1,484,401	1,229,249
Interest income		-	1,313
COVID-19 Relief		-	269,000
Profit / (Loss) on disposal of property, plant and equipment		880	(1,808)
Research and development expenses		(74,760)	(88,585)
Employee benefits		(1,617,813)	(1,696,378)
General and administrative expenses		(501,305)	(405,116)
Impairment of intangible assets		-	(12,640)
Marketing and advertising		(123,460)	(177,559)
Property expenses		(41,163)	(55,406)
Depreciation and amortisation		(159,483)	(152,971)
Share of associate's loss	9	(13,995)	-
Finance charges	3	(36,514)	(9,278)
Share-based payment expense	12	(115,112)	(25,368)
<b>Loss before income tax benefit</b>		<b>(1,198,324)</b>	<b>(1,125,547)</b>
Income tax benefit	4	230,564	109,250
<b>Loss for the period</b>		<b>(967,760)</b>	<b>(1,016,297)</b>
Other comprehensive loss for the period		-	-
<b>Total comprehensive loss for the period</b>		<b>(967,760)</b>	<b>(1,016,297)</b>
<b>Basic loss per share (cents per share)</b>	7	<b>(0.91)</b>	<b>(1.01)</b>

The accompanying notes form part of these financial statements.

## Condensed Statement of Financial Position As at 31 December 2021

	Notes	As at 31 December 2021 \$	As at 30 June 2021 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,017,887	1,688,712
Trade and other receivables		1,177,613	1,216,935
Inventories		758,686	774,913
<b>Total Current Assets</b>		<b>2,954,186</b>	<b>3,680,560</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		534,331	541,521
Other receivables	8	227,258	77,771
Investment in associate	9	-	9,985
Intangible assets	10	137,851	179,589
Right-of-use-assets		290,775	320,288
<b>Total Non-Current Assets</b>		<b>1,190,215</b>	<b>1,129,155</b>
<b>Total Assets</b>		<b>4,144,401</b>	<b>4,809,716</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,146,923	1,340,866
Employee benefits		444,873	463,529
Borrowings	11	28,762	60,513
Lease liability		151,739	158,310
Provisions		114,300	114,299
<b>Total Current Liabilities</b>		<b>1,886,597</b>	<b>2,137,517</b>
<b>Non-Current Liabilities</b>			
Borrowings	11	459,295	-
Lease liability		148,573	169,453
Employee benefits		67,162	67,324
<b>Total Non-Current Liabilities</b>		<b>675,030</b>	<b>236,777</b>
<b>Total Liabilities</b>		<b>2,561,627</b>	<b>2,374,294</b>
<b>Net Assets</b>		<b>1,582,774</b>	<b>2,435,422</b>
<b>Equity</b>			
Issued capital	5	12,573,174	12,573,174
Reserves	6	292,885	177,772
Accumulated losses		(11,283,285)	(10,315,524)
<b>Net Equity</b>		<b>1,582,774</b>	<b>2,435,422</b>

The accompanying notes form part of these financial statements.

## Condensed Statement of Cash Flows for the half year ended 31 December 2021

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>12,573,174</b>	<b>177,772</b>	<b>(10,315,525)</b>	<b>2,435,421</b>
Loss for the period	-	-	(967,760)	(967,760)
<b>Total Comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(967,760)</b>	<b>(967,760)</b>
Value of options brought to account during the period	-	106,373	-	106,373
Value of performance rights brought to account during the period	-	8,740	-	8,740
<b>Balance as at 31 December 2021</b>	<b>12,573,174</b>	<b>292,885</b>	<b>(11,283,285)</b>	<b>1,582,774</b>

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>11,084,845</b>	<b>504,479</b>	<b>(9,054,158)</b>	<b>2,535,166</b>
Loss for the period	-	-	(1,016,297)	(1,016,297)
<b>Total Comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(1,016,297)</b>	<b>(1,016,297)</b>
Shares issued during the period (net of costs)	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	-
Value of performance rights brought to account during the period	-	25,369	-	25,369
<b>Balance as at 31 December 2020</b>	<b>12,573,174</b>	<b>35,799</b>	<b>(9,576,406)</b>	<b>3,032,567</b>

The accompanying notes form part of these financial statements.

## Condensed Statement of Cash Flows for the half year ended 31 December 2021

	Six months to 31 December 2021 \$	Six months to 31 December 2020 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	3,255,362	2,150,609
Payments to suppliers and employees	(4,374,287)	(3,403,545)
Interest received	-	1,313
Interest paid and other finance costs	(35,472)	(9,278)
COVID 19 Tax incentives	-	394,030
R & D tax incentives received	301,450	274,185
<b>Net cash used in operating activities</b>	<b>(852,947)</b>	<b>(592,686)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	18,636	-
Payments to acquire investments	-	(9,994)
Payments for loans to joint venture	-	(7,489)
Purchase of property, plant and equipment	(183,497)	(192,564)
<b>Net cash used in investing activities</b>	<b>(164,861)</b>	<b>(210,047)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue and subscription of shares	-	1,512,661
Payments for share issue costs	-	(47,817)
Repayment of lease liabilities	(77,990)	(55,102)
Proceeds from borrowings	469,634	-
Repayment of borrowings	(44,661)	(16,241)
<b>Net cash from financing activities</b>	<b>346,983</b>	<b>1,393,501</b>
Net (decrease) / increase in cash and cash equivalents held	(670,825)	590,768
Cash and cash equivalents at the beginning of the half year	1,688,712	1,632,513
<b>Cash and cash equivalents at the end of the half year</b>	<b>1,017,887</b>	<b>2,223,281</b>

The accompanying notes form part of these financial statements.

## Note 1: Basis of Preparation

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These condensed interim financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

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

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2021 and any public announcements made by Spectur Limited during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half year, except for the impact of the new Standards and Interpretations described in (b) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis, except for the revaluation of selected non-current assets, financial assets and financial liabilities. Historical cost is based on the fair values of the consideration given in exchange for assets, goods and services.

The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

### (a) Statement of Compliance

The financial report was authorised for issue on 27 February 2022.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim 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 half year ended 31 December 2021*

For the period ended 31 December 2021, 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 period ended 31 December 2021. 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 1: Basis of Preparation

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### (d) 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.

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## Other Notes to the Condensed Interim Financial Statements

### Note 1: Segment Reporting

The Company's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the MD has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being development, manufacture and selling of Remote Solar 3G/4G based deterrence, surveillance and warning systems, and associated products and services.

The revenues and results of this segment are those of the Company as a whole and are set out in the Condensed Statement of Profit or Loss and Other Comprehensive Income and the assets and liabilities of the Company as a whole are set out in the Condensed Statement of Financial Position.

### Note 2: Revenue from Contracts with Customers

#### *Disaggregation of revenue*

AASB 134 requires an entity to disclose a disaggregation of revenue from contracts with customers required by paragraphs 114-115 of AASB 15. The Company has elected to disaggregate revenue according to the timing of the transfer of goods and/or services.

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.

	Six months to 31 December 2021 \$	Six months to 31 December 2020 \$
<b>At a point in time</b>		
Equipment sales	919,370	445,512
Field services	380,781	305,953
	<b>1,300,151</b>	<b>751,465</b>
<b>Over time</b>		
Equipment rentals	903,848	687,378
Subscription revenue	657,665	597,917
	<b>1,561,513</b>	<b>1,285,295</b>
<b>Total revenue</b>	<b>2,861,664</b>	<b>2,036,760</b>

### Note 3: Finance charges

	Six months to 31 December 2021 \$	Six months to 31 December 2020 \$
Interest and finance charges paid/payable on borrowings	(28,178)	(2,460)
Interest and finance charges paid/payable on lease liabilities	(8,336)	(6,818)
	<b>(36,514)</b>	<b>(9,278)</b>

## Other Notes to the Condensed Interim Financial Statements

### Note 4: Income tax benefit

	Six months to 31 December 2021	Six months to 31 December 2020
	\$	\$
FY 2021 R&D Grant received <sup>(i)</sup>	81,167	109,250
R&D Grant accrued <sup>(ii)</sup>	149,397	-
	<b>230,564</b>	<b>109,250</b>

- (i) This is the grant received in excess of the accrual  
(ii) From FY 2022 Spectur Ltd is accruing for the grant monthly based on ytd R&D activity.

### Note 5: Issued Capital

	31 December 2021	30 June 2021
	\$	\$
Ordinary shares issued and fully paid	<b>12,573,174</b>	<b>12,573,174</b>

#### Movement in ordinary shares on issue

	6 months to 31 December 2021		Year to 30 June 2021	
	Number	\$	Number	\$
Balance at beginning of period	106,305,280	12,573,174	75,633,065	11,084,845
Issue of Shares in lieu of Director fees	-	-	418,988	24,661
Share placement and SPP at \$0.05	-	-	30,253,227	1,512,661
Share issue costs	-	-	-	(48,993)
<b>Balance at end of the period</b>	<b>106,305,280</b>	<b>12,573,174</b>	<b>106,305,280</b>	<b>12,573,174</b>

### Note 6: 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 11 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 12 for further details of these plans.

At 31 December 2021, the Company had the following reserve accounts:

	31 December 2021		30 June 2021	
	Number	\$	Number	\$
Options	6,550,000	257,768	4,300,000	151,396
Performance rights	10,579,477	35,117	11,604,153	26,376
<b>Balance at end of period</b>	<b>17,129,447</b>	<b>292,885</b>	<b>15,904,153</b>	<b>177,772</b>

## Other Notes to the Condensed Interim Financial Statements

### Note 6: Reserves (continued)

#### OPTIONS RESERVE MOVEMENT

	6 months to 31 December 2021		Year to 30 June 2021	
	Number	\$	Number	\$
<i>Movement of Company options:</i>				
Balance at beginning of period	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	-	-	2,100,000	73,938
Value of director options brought to account during the period	-	16,894	-	-
Expired options transferred to retained earnings	-	-	(22,419,933)	(494,049)
<b>Balance at end of period</b>	<b>6,550,000</b>	<b>257,768</b>	<b>4,300,000</b>	<b>151,396</b>

<sup>(i)</sup> These options were issued to Fundhost Limited (ACN 092 517 087) in its capacity as responsible entity for the EGP Concentrated Value Fund (ABN 47 803 988 600), pursuant to the terms of the loan facility agreement with EGP Capital.

#### PERFORMANCE RIGHTS RESERVE MOVEMENT

	6 months to 31 December 2021		Year to 30 June 2021	
	Number	\$	Number	\$
<i>Movement of issued performance rights:</i>				
Balance at beginning of period	11,604,153	26,376	2,646,263	10,430
Brought to account during the period	-	8,741	9,464,383	61,615
Performance rights cancelled during the period <sup>(i)</sup>	(1,024,676)	-	(506,493)	-
Performance rights forfeited / written off <sup>(i)</sup>	-	-	-	(45,669)
<b>Balance at end of period</b>	<b>10,579,477</b>	<b>35,117</b>	<b>11,604,153</b>	<b>26,376</b>

<sup>(i)</sup> Value of performance rights written back due to employee cessation.

### Note 7: Loss per Share

#### Basic loss per share

	Six months to 31 December 2021	Six months to 31 December 2020
	Cents per share	Cents per share
Basic loss per share	<b>(0.91)</b>	<b>(1.01)</b>

## Other Notes to the Condensed Interim Financial Statements

### Note 7: Loss per Share (continued)

#### Losses

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

	Six months to 31 December 2021	Six months to 31 December 2020
	\$	\$
Losses for the period	<u>(967,760)</u>	<u>(1,016,297)</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:

	Six months to 31 December 2021	Six months to 31 December 2020
	Number	Number
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>106,305,280</u>	<u>100,655,404</u>

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

### Note 8: Other receivables

	31 December 2021	30 June 2021
	\$	\$
Loans to associates <sup>(i)</sup>	100,664	47,657
Deposits – property leases <sup>(ii)</sup>	19,780	30,114
Deposits – customer contracts <sup>(iii)</sup>	106,814	-
<b>Closing balance</b>	<u>227,258</u>	<u>77,771</u>

(i) The loan is non-interest bearing and is repayable at the discretion of Spectur Limited.

(ii) Deposits on property leases is refundable upon termination of the lease agreement.

(iii) The customer contract is for 2 years and commenced on 19 November 2021. The security deposit is refundable at the end of the contract period – 18 November 2023.

### Note 9: Investment in Associate

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

## Other Notes to the Condensed Interim Financial Statements

### Note 9: Investment in Associate (continued)

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 six months to 31 December 2021. Spectur NZ is a private company; therefore, no quoted market prices are available for its shares.

	31 December 2021	30 June 2021
	\$	\$
<b>Carrying amount of interest in associate</b>	-	<b>9,985</b>
<i>Share of associate's loss</i>		
Share of loss for the period	(13,995)	-
	<b>(13,995)</b>	-

### Note 10: Intangible Assets

	Patents	Product Development	Other Intangibles	Total
	\$	\$	\$	\$
<b><i>Carrying value</i></b>				
Cost	38,674	739,339	100,000	878,013
Accumulated amortisation	(18,228)	(549,171)	(86,116)	(653,515)
Impairment	-	(72,763)	(13,884)	(86,647)
<b>Carrying value as at 31 December 2021</b>	<b>20,446</b>	<b>117,405</b>	-	<b>137,851</b>
Cost	38,674	739,339	100,000	878,013
Accumulated amortisation	(15,624)	(510,037)	(86,116)	(611,777)
Impairment	-	(72,763)	(13,884)	(86,647)
<b>Carrying value as at 30 June 2021</b>	<b>23,050</b>	<b>156,539</b>	-	<b>179,589</b>
<b><i>Reconciliation</i></b>				
Carrying value as at 1 July 2021	23,050	156,539	-	179,589
Amortisation	(2,604)	(39,134)	-	(41,738)
<b>Carrying value as at 31 December 2021</b>	<b>20,446</b>	<b>117,405</b>	-	<b>137,851</b>
Carrying value as at 1 July 2020	28,528	281,515	-	309,773
Amortisation	(5,208)	(112,336)	-	(117,544)
Impairment	-	(12,640)	-	(12,640)
<b>Carrying value as at 30 June 2021</b>	<b>23,050</b>	<b>156,539</b>	-	<b>179,589</b>

## Other Notes to the Condensed Interim Financial Statements

### Note 11: Borrowings and other financial liabilities

	31 December 2021 \$	30 June 2021 \$
<i>Current loans</i>		
Secured loans	28,762	60,513
<b>Total current loans</b>	<b>28,762</b>	<b>60,513</b>
<i>Non-current loans</i>		
Non-secured loans	400,000	-
Secured loans	59,295	-
<b>Total non-current loans</b>	<b>459,295</b>	<b>-</b>
<b>Total loans</b>	<b>488,057</b>	<b>60,513</b>

#### Secured Loans

These loans are secured by Motor Vehicles. The interest rates on these loans are fixed and range between 3.40% to 5.87% and interest is repayable within a period of 12 months from the reporting date. Total monthly repayments are \$2,304 with total balloon payments of \$16,965.

#### 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 \$400,000 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 will 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 30-day period will be the 30 days immediately preceding 31 December 2023.

### Note 12 Share-based Payments

The following share-based payment arrangements were in place during the period:

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
Loan facility options (i)	2,250,000	29 Oct 2021	31 Dec 2023	0.12	89,478	29 Oct 2021

- (i) These options were issued to Fundhost Limited (ACN 092 517 087) in its capacity as responsible entity for the EGP Concentrated Value Fund (ABN 47 803 988 600), pursuant to the terms of the Loan Facility Agreement with EGP Capital.

The fair value of the options has been determined using a Black Scholes option pricing model with following inputs:

	Director options	Employees options	Loan facility options
Strike price	0.13	0.10	0.12
Spot price	0.09	0.07	0.09
Expected volatility (%)	90.97%	90.97%	90.97%
Risk-free interest rate (%)	1.69%	1.69%	1.69%

## Other Notes to the Condensed Interim Financial Statements

### Note 12 Share-based Payments (continued)

Performance rights	Number	Grant date	Expiry date	Value at grant date	Fair value at balance date	Vesting date
				\$	\$	\$
Director <sup>Tranche1</sup>	1,607,919	11 Nov 2019	30 Jun 2023	0.09	147,971	30 Jun 2022
Director <sup>Tranche2</sup>	3,301,887	30 Oct 2020	30 Jun 2024	0.05	138,422	30 Jun 2023
Director <sup>Tranche3</sup>	2,083,333	28 Jun 2021	30 Jun 2024	0.07	145,833	30 Jun 2023
Employees <sup>Tranche1 (i)</sup>	179,345	11 Nov 2019	30 Jun 2023	0.09	16,141	30 Jun 2022
Employees <sup>Tranche2 (i)</sup>	341,981	30 Oct 2020	30 Jun 2024	0.05	17,099	30 Jun 2023
Employees <sup>Tranche3</sup>	3,065,012	28 Jun 2021	30 Jun 2024	0.07	214,551	30 Jun 2023

(i) During the 6 months ended 31 December 2021, 1,024,676 employee performance rights were forfeited for cessation of employment.

The fair value of the performance rights granted under the Spectur employee incentive plans are estimated as at the date of grant using an option pricing model taking into account the terms and conditions upon which the performance rights were granted as follows:

	Director	Employees
Dividend yield (%)	0%	0%
Expected volatility (%)	90.97%	90.97%
Risk-free interest rate (%)	1.69%	1.69%
Expected life of option (years)	3	3
Exercise price (cents)	-	-
Grant date share price (cents)	0.07	0.07

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.

### Note 13: Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.



## Director's 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 as at 31 December 2021 and of its performance for the half 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 6 months ended 31 December 2021.

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



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**Dr Gerard John Dyson**  
**Managing Director**  
Dated this 27 February 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Spectur Limited

### Report on the Condensed Half-Year Financial Report

#### *Conclusion*

We have reviewed the accompanying interim financial report of Spectur Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Spectur Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the financial report*

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**27 February 2022**



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

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