Spectur Limited

Appendix 4D

Half Year Report- For the six months ended 31 December 2023

(Previous corresponding period: 31 December 2022)

Results for announcement to the market

1. **Reported**

	31 December 2023 Current Period $	***Percentage Change Up /(Down)***	**Change Up /(Down) $**	**31 December 2022 Previous Corresponding Period $**
Revenue from ordinary activities	4,160,293	15.11%	545,954	3,614,339
Loss from ordinary activities after tax	(678,302)	35.24%	369,165	(1,047,467)
Net Loss for the period attributable to members	(678,302)	35.24%	369,165	(1,047,467)

Commentary on the above figures is included in the attached Consolidated Interim Financial Statements for the half year ended 31 December 2023.

2. **Dividend payments**
Refer to attached Consolidated Interim Financial Statements for the half year ended 31 December 2023.
The Company does not propose to pay any dividends in the current period.

3. **Net tangible assets per security**

	Current Period (31 December 2023)	**Previous Corresponding Period (31 December 2022)**
Cents per ordinary share	0.08 cents	1.19 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 2023 (231,920,897) and 31 December 2022 (191,951,471) respectively.

This Appendix 4D Half Year Report is provided to the ASX under Listing Rule 4.2A3 and should be read in conjunction with the accompanying Interim Financial Report for the half year ended 31 December 2023.

4. Status of audit

The Consolidated Interim Financial Statements for the half year ended 31 December 2023 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 and its controlled entities for the six month period ended 31 December 2023 is attached.

Spectur Limited

ACN 140 151 579

Consolidated Interim Financial Statements 31 December 2023

Content

Corporate Information

Directors
Mr Darren John Cooper
Dr Gerard John Dyson
Mr Marco Correia Da Silva
Mr Rhett Anthony John Morson

Company Secretary
Mrs Suzie Jayne Foreman

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Director's Report

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") and its controlled entities ("Group") for the half year ended 31 December 2023.

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. All directors and officers held office for this entire period, unless otherwise stated.

Darren John Cooper	Non-Executive Chairman	
Gerard John Dyson	Managing Director	
Marco Correia Da Silva	Non-Executive Director	(appointed 23 November 2023)
Rhett Anthony John Morson	Non-Executive Director	(appointed 1 December 2023)
Bilyana Smith	Non-Executive Director	(resigned 23 November 2023)
Suzie Jayne Foreman	Company Secretary	

Principal Activities

The vision of Spectur is to be a material contributor to empowering safer, smarter and more sustainable communities. The principal activities of the Group during the half year were to develop, manufacture and sell Solar 4G based safety, warning, security, smart city and surveillance systems, and associated products, services and software solutions. The Company leverages its unique hardware and software to solve related challenges in remote, unwired and temporary locations.

Operating and Financial Review

Market Conditions

Spectur is a purpose-driven company, striving to make communities safer, smarter and more sustainable. Our target market segments for solutions are the government, utilities and construction sectors, including resellers and partners that service these markets. There are strong market forces driving change in these segments including:

Security

- Crimes against property across the country, including damage, trespass, theft and related crimes have grown 8% in the last year[1], reflecting an increasing and potentially accelerating trend since the low of 2020. This drives a major need for security solutions.
- Security guard recruiting has become more difficult, and requirements associated with duty of care have only grown, impacting solitary working conditions. Security technology to supplement and complement conventional solutions has become critical to ensure competitiveness and continuity of service. This is driving growth in the security and security reseller markets.
- Overall business stress and margin pressure continues in construction and many other sectors. Implications of material business disruption and theft can be severe, and this stress can also drive cost-cutting in insurance cover and security, increasing risk for all parties.

Safety and warning

- Global conflict and concerns about climate and other related risks, with associated media and related amplification, is creating heightened awareness of threats at scale. Early identification and warning of threats provides some degree of control, of the things that can be controlled, and this is increasingly attractive.
- Flood, beach and ocean-based risks are increasing, driving a substantial increase in tenders, sole-sourcing and general activity in identification and warning and emergency response vectoring solutions from government and related not-for-profits.
- Other natural disasters including bushfires, earthquakes, severe weather and wind have continued to impact Australia, New Zealand and other countries.

[1] Arithmetic average of relevant crimes against property gathered from published WA, Qld, Vic, NSW police statistics

Artificial intelligence and sensing

- 2023 was the year of AI, with the explosion of large language models and more generally, applications of AI. The demand for platforms for deployment of these models for edge and cloud applications has increased.
- Remote sensing continues to increase in scale and sophistication, with remote solutions still requiring power and connectivity to enable their benefits in unwired environments.
- Valuation and business models for AI companies continue to punish the capital intensity of hardware and highlight the complexity of physical installation, servicing and maintenance of technology – all of which are required for complete customer solutions. This is driving increased demand for outsourced solutions in the hardware space.

These market specific drivers are also influenced by broader macroeconomic trends related to:

- The beginning of deglobalisation and an ongoing withdrawal from dispersed supply chains. This has led to greater localisation in the Spectur supply chain.
- Increasing resistance to Chinese products in security or sensitive environments. The Spectur product range now only offers NDAA standard products to ensure compliance with increasingly strict government and utility customer specifications.
- Increasing contraction of the available working population in Australia, New Zealand and elsewhere in the Western world associated with below replacement birth rates. High immigration rates to support economic growth is a partial mitigant. This creates challenges in the labour markets – particularly sourcing and retaining skills necessary to execute strategy, at an affordable price.
- Stubbornly high inflation and interest rates, and a relative weakening of the Australian dollar relative to the USD. This increases AUD input costs for foreign componentry and puts pressure on labour costs across the board. Arguably, this does increase the cost competitiveness of Spectur products in global markets, but our exposure and emphasis in those markets is small at this time.
- Broadening global conflicts in the Middle East and Europe, along with the uncertainty associated with a pending US election. These trends can create hesitation in commitments for capital expenditure.

Competitors in the security space have grown in presence and capabilities, most notably at the bottom end of the market, servicing primarily residential building. Whilst Spectur does provide a differentiated and effective solution for this market, it is highly price sensitive, and the needs of some customers are quite simple. In more sophisticated construction, utility or construction markets, competitors are increasingly offering more multi-camera solutions, AI applications and sensor "add ons". This very much follows the trajectory of the "Sense, Think, Act" pathway that Spectur has led. At this time, the technology pathway that Spectur has used to provide these solutions, continues to be unique. This provides Spectur with clear advantages of:

- Power and data consumption (we can do more with less, which translates to more performance per dollar).
- Direct componentry costs (as we build from components, we can provide either a cost or margin improvement for hardware sales).
- Flexibility and modularity. The Spectur hardware and software platforms have been designed to be configurable for different cameras, sensors, AI (edge and cloud), processing and reporting. We can quickly provide tailored solutions from a core, reliable and repeatable technology platform.
- One simple interface. The Spectur platforms are fully integrated, allowing a single point of contact and single interface simplifying the use of multiple integrated elements and solutions.
- Australian made. This is an increasing differentiator as customers look beyond metalwork and into the technology that supports solar security solutions. Spectur uniquely provides a sovereign hardware, firmware, cloud, app ecosystem.

The recent period has seen ongoing growth by Spectur in the provision of safety, warning and communication platforms, most notably our Emergency Response Beacons (ERBs) with ongoing sales success, installation and deployment in WA, NSW and Qld across a range of customers. At this time, the competitive pressures are less visible as this market is being developed. System integrators and wired solutions continue, but the visibility of expansion into unwired locations is absent.

As Spectur is expanding into a broader range of safety and warning applications (flood, fire, emergency events, etc), there are incumbents, however the Spectur approach remains unique in this space, providing differentiating advantages when the needs are in unwired, remote or temporary applications. Combining this core Spectur capability with the very flexible Envirocoms platform (from our 3CT acquisition) has enabled us to successfully deploy a range of different sensors and AI through the Spectur hardware ecosystem and also 3rd party cameras and sensors.

Spectur acquired 3CT twelve months ago and the integration has progressed well. The core EnviroComs offering continues to have a very differentiated position in the market with a unique ability to collect data from a broad range of sensors and cameras, provide near real-time workflow management and then provide live viewing or report generation directly or via Application Program Interfaces (APIs) into third party applications. This flexibility along with the ability to operationalise AI models at scale remains quite unique, with the majority of competitors in this space either providing sensing or camera applications, but not both. Combining with the Spectur platform that is similarly flexible in the unwired, temporary and remote domains is providing real competitive advantage, the fruits of which are expected to continue to grow.

H1 FY24 also saw the scale deployment of the Spectur STA-Power platform. This provides power solutions for technology anywhere the sun shines. Originally developed to be a modular and flexible solution for Spectur platforms, we are seeing increasing interest from other providers in utilising our hardware platform to power sensors & cameras, and combining our warehousing and service capabilities, to deploy their technology. Again, the alternatives are less reliable and more expensive custom-builds. This solution is providing an additional avenue into supporting partners and resellers in our ecosystem.

Spectur resellers have also grown their deployment of Spectur solutions in this period, in response to the market and competitive conditions that they are seeing. For security resellers and asset managers deploying security solutions, the Spectur turn-key solutions remain the only alternative to custom-building internally or via system integrators. Our tens of millions of field hours of expertise plus the benefits of multiple generations of technology mean that we can deploy more reliable, effective and scalable solutions than any custom-build. In the AI and sensing space, there are growing opportunities to reduce capital intensity for these customers via leasing and rental models, that can be used to deploy their technology. This can provide margin or cost advantages to these resellers.

Overall, the market at the bottom end of security is becoming commoditised, however differentiated offerings for more sophisticated security customers and the broader sensing, thinking and acting solutions market remain attractive and growing for the differentiated Spectur offering.

Revenue from Operations

For H1 FY24 (six months to December 2023) Spectur reported revenue of $4,160K, up 15% on H1 FY23 (six months to December 2022) of $3,614K. Revenue growth has been led by strong sales, particularly in the higher margin safety and warning space and also in longer-term subscription and maintenance plans. This underpins future recurring revenues.

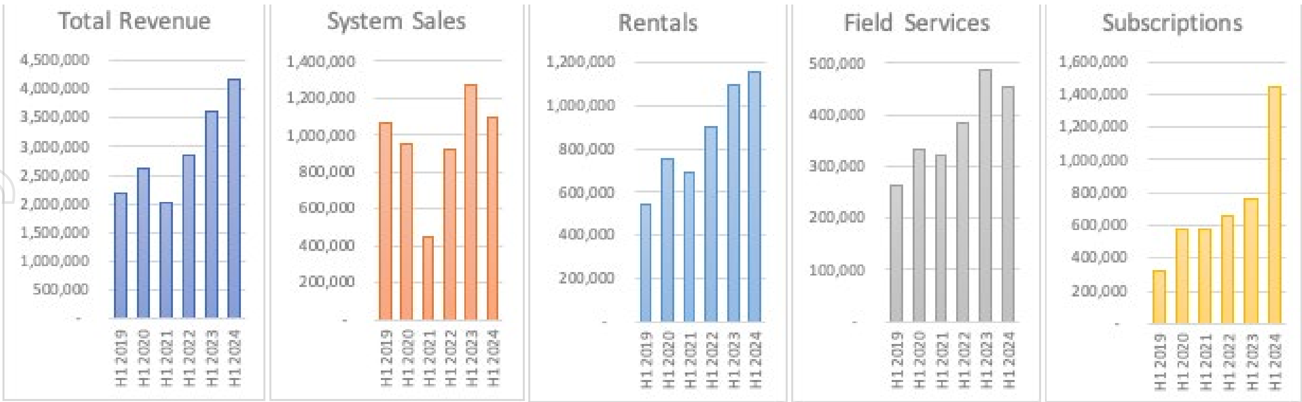
Comparing H1 FY24 in more detail with H1 FY23 provides additional insights as to the changes in the revenue profile between periods:

Revenue	H1 FY24 $'000	H1 FY23 $'000	Change
System sales	1,102	1,270	-13%
Field services	455	485	-6%
Subscriptions	1,442	763	+89%
Rentals	1,161	1,096	+6%
Total	**4,160**	**3,614**	**+15%**

Spectur concluded our major hardware technology renewal in H1 FY24, ending production of the HD5 and STA6 products and derivatives, concurrent with deploying the new STA-Power, HD6, ERB6, STA6-240X and early trials of the flagship STA7. This changeover from older products to the latest technology did have some impact on product sales and associated services that we expect to be reversed in H2.

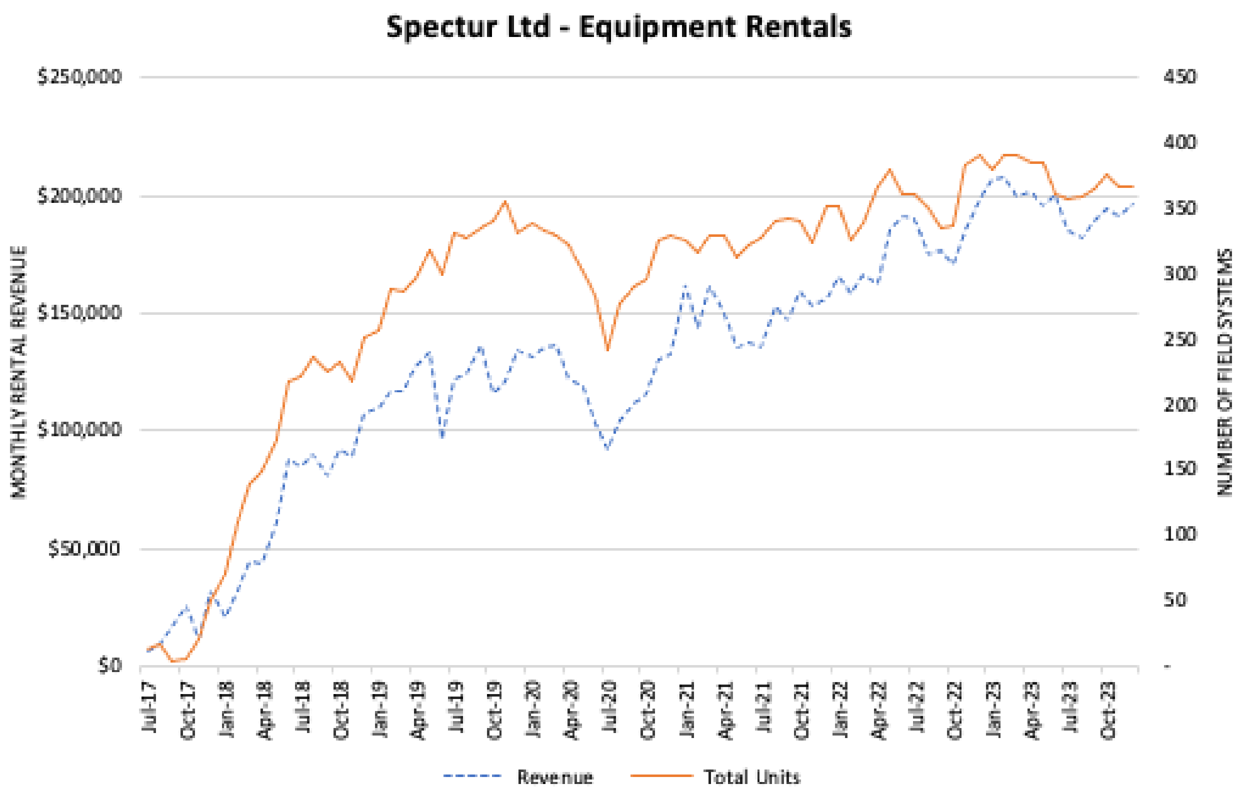
Big areas of growth were with the recurring revenue part of the business with subscriptions doubling compared with the prior period and ongoing revenue growth in the competitive rentals market. A large part of this story is the inclusion of the Envirocoms and related products technology stack from the 3CT acquisitions, which are increasingly being incorporated into Spectur customers and vice versa.

Currently there are more than 2,700 camera sensors within the Spectur Group, each requiring Spectur software services and requirements for installation, relocation or maintenance services. This includes a number of cameras (more than 100) that are outside the Spectur hardware domain but which are supported via our Envirocoms and related products (e.g. SecureGo, CoastalComs, etc).



The charts above show increases in total and recurring revenue streams, most notably subscriptions. As focus has shifted to the new product hardware (only available part of the half year) and to tendering with local and state governments, some delay in new system sales and associated field service was experienced. These are expected to recover in following periods.

The rental fleet for Spectur has evolved with an increasing number of multi-camera STA6 models and the pending STA7. This has led to revenue growth outstripping the rate of unit growth as customers have been able to do more with fewer systems (see the converging graphs below).

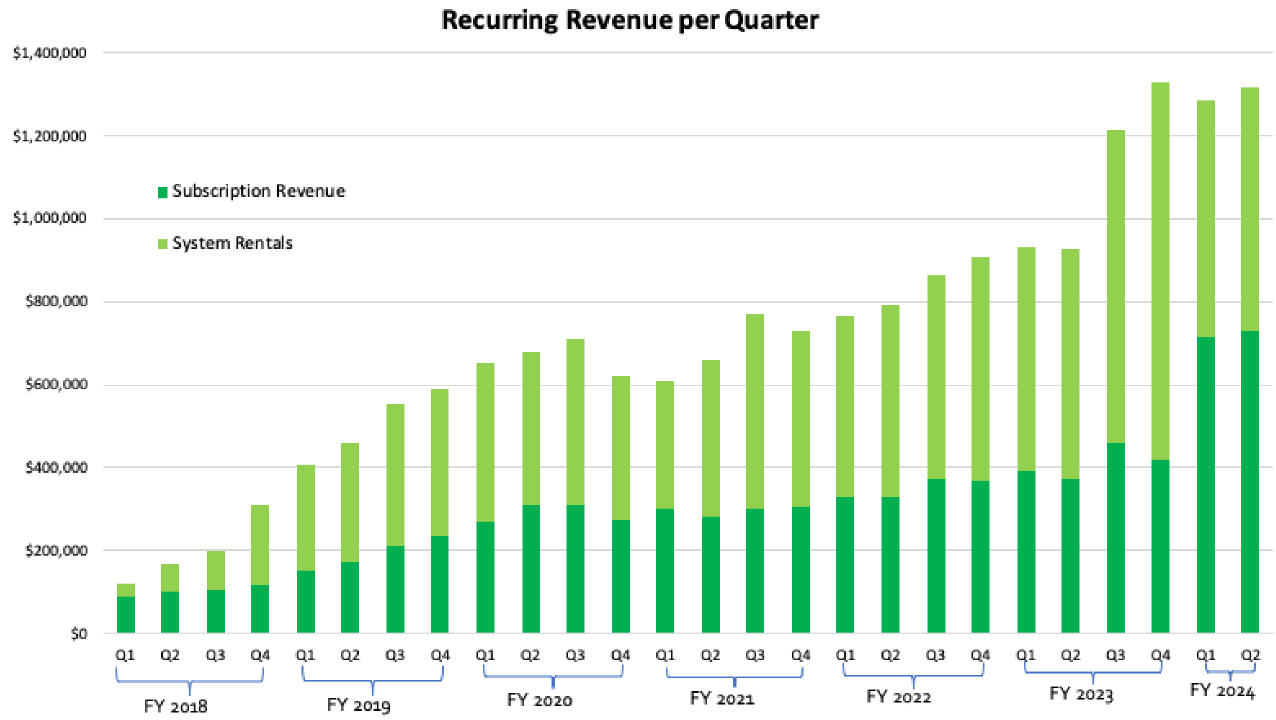


Average monthly rental fees per unit continue to increase, with December 2023 averaging $535/unit compared with December 2022 ($509) as the proportion of more sophisticated and higher value multi-camera STA6 models has increased relative to the older single-camera HD5 units. The annualised rental run rate, based on December 2023 deployments, is approximately $2.4m per annum.

Rental systems are generally most popular for finite projects such as construction and building work. With the ongoing expansion into government, utility and related institutional customers that prefer purchase and subscription, it is expected that the proportion of rental revenue related to total revenue will decline. This coincides with the dominance by competitors at the bottom end of the market of low-cost, simpler, predominantly Chinese-made products that are considered adequate for building sites.

Recurring revenues from subscriptions in H1 FY24, which includes newly acquired SaaS products such as EnviroComs, CoastalComs and SecureGo (approximately 40%) as well as core legacy Spectur data plan, server access and monitoring services (approximately 60%) were $1.442m, an increase of 89% over the $763k for H1 FY23. It is noted that the legacy Spectur subscription revenues grew by 14% from $763k in H1 FY23 to $872k in H1 FY24.

The total Recuring Revenue (ARR) for rentals and subscription income for H1 FY24 was $2.603m, nearly 63% of total revenues. This infers a full year run rate of $5.206 million, compared with $4.0m run rate at the end of H1 FY23 (30% annual increase).



Expenses

While revenues for H1 FY24 have grown by 15% ($546k) compared to H1 FY23, overall expenses have grown by 14% ($326k).

Expense	H1 FY24 $'000	H1 FY23 $'000	Change
Finance charges	84	57	+47%
Employee and Admin	2,898	2,575	+13%
Other expenses	372	396	-6%
Total	**3,354**	**3,028**	**+14%**

The net growth in expenses is mainly in Employee and Administration, and primarily linked to the acquisition of 3CT and Spectur NZ. More specifically:

- additional 3CT employees ($167k)
- Additional Spectur NZ salaries ($42k)
- Sales commissions increase of $60k, related to record sales (see below for more commentary on H1 FY24 sales)
- a full half of our Adelaide based sales representative (was engaged midway through H1 FY23)
- Some limited pay increases for existing Spectur staff members

Other notable increases from the above table, when compared with H1 FY23 included:

- Finance charges, linked mainly to the EGP debt facility, which was significantly reduced to a principal outstanding amount of $250k at the end of H1 FY24 (and thus lower Finance Charges are expected going forward)
- Revaluation and adjustment of the Spectur NZ rental fleet ($29k)

Not included in the above table was non-cash share-based payments expenses. Recalculations of the long-term incentives for the current staff plans indicated a reduction in share-based payouts for FY24 and FY25, resulting in a write back of $56k.

Gross Margin and profitability

Gross margin increased by $241k (12%) in H1 FY24 compared to H1 FY23. Gross margin percentages declined fractionally from 56% (H1 FY23) to 55% (H1 FY24). This is predominantly a function of the consolidation of 3CT and Spectur NZ, both of which operate with lower gross margin percentages. Spectur NZ operates at "arm's length" from Spectur Limited, purchasing hardware at a commercial, albeit discounted, rate to meet international tax compliance requirements. The 3CT model loads a majority of staff and infrastructure costs into direct costs, hence lower gross margins and a smaller gap between gross margin and EBITDA (for example). Both businesses will improve margins with increasing volume.

Spectur legacy product margins declined slightly from 46% to 44%, however this was a function of the blend of products that were sold (less high margin products sold in H1 FY24) rather than a gross margin percentage decline in individual products. Where Spectur sells non-core products (e.g. lighting and trailers), gross margin percentages are less.

Comparing the legacy Spectur business from H1 FY23 to H1 FY24, overall gross margin percentages increased by 5% points to 61%. The field services business improved margins from 24% to 38% due to operational and productivity improvements along with improved margins in spare parts sales. The rental business slightly declined from the exceptional 83% gross margin percentage to 80%, although it is noted that the prior period included a substantial capital adjustment that improved margins in a one-off fashion at that time. Finally, and most pleasingly, the legacy Spectur subscription margins improved from 56% to 66% in response to substantial changes in cloud, software and data that were led by our engineering team.

These gross margin improvements are consistent with the stated operational excellence strategy that focusses on improving margins, capping overhead increase and growing revenues. We expect product margins to continue to improve as we have ended production of the HD5 and STA6 models in H1 FY24, replacing them with our latest technology hardware which delivers improved performance across all key metrics.

Overall loss for the period declined by 35% to $678k from $1,047k in H1 FY23.

Capital raising

In Q2 FY24, Spectur raised $75k in a placement made to incoming Director Mr Marco da Silva. This placement was made at 2c, a small premium to VWAP at that time.

Debt facility utilised

Spectur ended H1 FY24 with a debt facility balance of $250k, down from the $1.1m debt at the end of H1 FY23. Of this $850k reduction during the calendar year, $400k was reduced in H1 FY24. The balance of the debt expires in December 2024 and can be fully or partially converted into ordinary shares at the discretion of Spectur, or repaid in part or full, prior to this date.

Cash and cash equivalents at 31 December 2023 were $945k.

Technology advances

Spectur has continued to execute its technology strategy and has built further upon a solid foundation of reliability, modularity, and sovereign capability. The completion of all Next Generation hardware engineering at the end of H1 FY24 allowed for full Production handover of an iconic family of Spectur solutions. The consolidated Spectur Compute device is now used across all product lines and all major components have supplier support to at least 2027. Investment in our Cloud infrastructure has resulted in lower maintenance costs, higher uptime, and the ability to add new features in a more streamlined fashion. Final assembly of all prior generation solutions is now complete with their corresponding stock and production lines retired.

Spectur's modular hardware and production approach has allowed rapid development of our new ERB6 emergency warning system along with our mains powered and lithium battery backed STA6-240x solution. These iconic additions to the Spectur family of products have seen immediate impact in our markets with minimal increase in production complexity. Further market penetration was made possible by adapting our complete solution to a new, trailer-based product ideal for rapid deployments in critical, emergency, and temporary applications. We expect further derivations of our product line will be rapidly delivered to meet specific market needs over coming quarters.

The addition of the 3CT engineering capability and platform has allowed for rapid development of advanced, integrated customer features to address a growing range of complex customer challenges. We are now able to generate new solutions to complex problems faster than ever with the EnviroComs tool in particular. To further improve our User Experience, work has commenced to deliver new Customer and Reseller portals and Apps. Our new approach to App and Web development uses the latest, ".Net" frameworks for our complete stack and allows for engineering team optimisation around a single coding language. Early development has proven this concept with early adopters now accessing initial functionality.

Continued refinement of strategic purchasing and internal production processes have seen further reductions in assembly time and labour. The use of automotive grade "Plug and Play" componentry has proven itself in the field with improvements in installation and service time. Optimised, high quality connectors and wiring assemblies have resulted in a near 100% reduction in corrosion and other, moisture related service incidents. This is particularly beneficial as Spectur delivers an increasing number of customer solutions in wet, humid, and high salt environments that are often difficult to access and are expected to provide years of service in life safety applications. The standard inclusion of lithium batteries with the STA-Power range of power systems resulted in significant improvements in fleet-wide uptime during the 2023 Winter period.

Component consolidation and efficiency improvements have unlocked additional production capacity resulting in an increase in stock held in our warehouses across Australia and New Zealand. This stock allows us to respond faster to customer opportunities and increase customer satisfaction. We continue to refine our warehouse and inventory strategy in conjunction our suppliers to allow for localised supply and fabrication wherever possible.

Early design concept work is underway for future revisions of our core electronics platform. This work will lay the foundation for more deeply integrated components that will provide for higher performance in terms of both computation and efficiency. In partnership with our key, strategic vendors we are preparing Spectur to remain at the forefront of low power, low data Sensing, Thinking and Acting solutions. Whilst our in-house developed solutions provide compelling options for a large market, we continue to develop solutions through integrations to third party software and off the shelf hardware components which unlock greater customer lifetime value for Spectur.

Sales and Marketing growth

Half-year sales results of $4.146m are up 51% on FY23 H1 sales results of $2.741m, underpinning future long-term revenue growth. This sales growth has translated into 15% revenue growth in H1 FY24, compared with H1 FY23. Total unearned revenue growth was $847k during the half year.

This revenue growth has been focused on the stable markets of government, utilities and resellers whilst maintaining the more cyclical markets of construction. We have also been focused on negotiated long term arrangements that include Spectur subscriptions, leases, maintenance contracts and 3CT SaaS offerings. This type of revenue is highly scalable and recurs with reduced incremental sales effort once sold. Key components of this revenue growth success include;

1. Long Term contract Negotiations – Spectur has negotiated two key contracts this half year which are still to deliver revenue in the coming years including
    a. Southern Cross Protection
        i. 5-year contract valued at $615k to provide server subscription, data connection and warranty services for the customer's existing fleet
        ii. A standing arrangement to provide this 5 year arrangement on all new systems purchased, of which there have been a number since contract execution
        iii. This deal is a strategic arrangement that will provide forward revenue including both equipment and recurring revenue, and is a unique offering to the market
    b. Surf Life Saving NSW
        i. 5-year contract valued at $1.2M to provide 40 new emergency response beacons, server subscription, data connection and warranty services for the customer's existing fleet
        ii. To date revenue for 20 ERBs has been recognised with the remaining 20 units and the majority of subscriptions still to be recognised
        iii. The contract allows additional units to be purchased under the same contract arrangement.

2. Growth in Reseller Channels – In the 6 months to 31 December 2023, resellers represented 27% of total sales and included expansion of existing customers as well as the addition of new resellers across Australia and New Zealand. This confirms the success of our strategy to develop our reseller market, which provides additional leverage to our sales team. This strategy is also unique in the market as the majority of Spectur's direct competitors also provide

services that compete with our resellers and are thus not able to utilise these same channel partners. We are also in the early stages of negotiating arrangements with resellers that have the capability to deliver our solutions into international markets.

3. Government tenders and panels – Prior to H1 FY24, Spectur generally didn't pursue public tenders or procurement panel opportunities, which limited growth potential in these markets. This half year we have focused on this area with a number of tenders responded to, with two won and many more expected to be awarded in the next 6 months. These opportunities typically have a longer sales cycle of 6 to 12 months hence a delay in revenue, but they are often much larger in value.

   We have also successfully been awarded a position on the following procurement panels;

   - Local buy Security services for Qld, NT and Tasmania
   - Local buy ICT services for Qld, NT and Tasmania
   - Western Australia Local Government Association panel

   These three panels allow any local council, state government or not-for-profit to purchase our solutions directly, up to any amount, without needing to go to tender. So far, we have been awarded two circa $100k projects using these channels since Q2 FY24. Looking forward, we aim to be on every State's panel within the next 6 to 12 months.

4. Software as a Service (SaaS) offerings – For the first time since the integration of the 3CT entity, we have provided two stand-alone SaaS solutions to our customers, both valued in the hundreds of thousands of dollars on multi-year arrangements. This is reflected in the growth in recurring revenue and represent secure long-term revenue with Tier 1 government customers. These are both single-instance multi-tenant solutions that require minimal additional development maintenance, which will lead to incremental gross margin improvement as additional customers are added to the solutions.

5. Marketing Results Focus – Spectur shifted our focus in marketing to a results-driven approach integrated with the sales team in this first half. Key results in this area that will lead to increased future revenue including:
   a. A total lead quantity increase of 290% in the first half of the year;
   b. An increased conversion rate of 20% against these leads;
   c. Integration of outbound sales calling function to generate high quality leads that result in a higher close rate and deal value;
   d. Release of new products to the market including HD6, ERB6 and various associated products; and
   e. A complete revamp of product collateral to utilise in the market for new products and the inclusion of reseller solutions to support increased reseller sales.

   The forward strategy for Spectur's marketing activities is to continue to improve our digital and traditional marketing channels, integrate 3CT's offerings into the Spectur offering and to test new sales channels in the next 6 months.

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. This rollout has taken longer than initially planned and was paused for an extended period however is now in extended user acceptance testing. It is expected that the implementation will be concluded in H2 FY24. All advance payments to conclude the final implementation have been made.

Spectur New Zealand update

Spectur New Zealand was the first international expansion operation for Spectur. Spectur initially grew in NZ via a reseller, then an additional reseller sought to build a joint venture relationship with Spectur. In Q3 of FY23, Spectur Limited acquired the balance of the shareholding in Spectur NZ from our prior joint venture partner, allowing us to fully integrate (operationally, but not legally or financially) with Spectur Limited. Whilst not yet a profitable venture, the experience of building and supporting this separate entity has resulted in extensive corporate learning that has shaped current and future international and regional expansion plans.

We continue to invest and support the growth of our Spectur NZ entity and do not have plans to build a full service entity in any new locations at this time.

Directors' Report

It is noted that Spectur LLC, domiciled in Austin, Texas, USA was established in February 2024, however this is to manage banking, billing and tax arrangements with existing customers that we are servicing from Australia. Spectur continues to have enquiries, interest and customers outside Australia and New Zealand, however the current strategy is to support these customers from Australia, or via resellers in these countries.

3 Crowns Technologies update

3 Crowns Technologies (3CT) was acquired in February 2023, and has been a successful acquisition. Key milestones and goals achieved include the retention of all staff, growth in revenue and a growing number of project wins that combine the legacy Spectur and the new 3CT technology stacks. This is an exceptional result and a testimony to the quality of the team and the company acquired, and also the effectiveness of Spectur's highly selective M&A strategy. Having examined dozens of potential acquisitions, it is particularly pleasing to have our singular acquisition to date perform as planned.

In addition to supporting existing customers and products, 3CT's technology platforms have been recently used to develop new products for existing customers and to rapidly trial new technologies and AI engines for Spectur customers. With the 3CT sales team having been integrated into Spectur in Q2 FY24, he technology and operations teams and the functions of 3CT will conclude integration into Spectur in Q3 FY24. We expect to maintain the 3CT legal & financial entity until at least the conclusion of FY25, as Spectur concludes its own journey to ISO27001 accreditation and manages the transfer & renewal of existing 3CT contracts to Spectur.

Significant events subsequent to balance date

No matters or circumstances have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

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 12 and forms part of this Directors' report for the half year ended 31 December 2023.

Signed in accordance with a resolution of the directors.

Dr Gerard John Dyson
Managing Director
Dated this 29 February 2024

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Spectur Limited for the half-year ended 31 December 2023, 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
29 February 2024

L Di Giallonardo
Partner

hlb.com.au

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T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2023

	Notes	Six months to 31 December 2023 (Group) $	Six months to 31 December 2022 (Company) $
Continuing Operations			
Revenue	2	4,160,293	3,614,339
Cost of Sales		(1,885,869)	(1,580,662)
Gross profit		2,274,424	2,033,677
(Loss) / Profit on disposal of property, plant and equipment		(29,208)	(104)
Research and development expenses		(47,487)	(82,079)
Employee benefits		(2,386,831)	(1,924,510)
General and administrative expenses		(511,388)	(650,370)
Marketing and advertising		(132,302)	(112,621)
Property expenses – includes lease payments for short term leases		(31,899)	(27,354))
Depreciation and amortisation		(131,010)	(160,254)
Share of associate's loss		-	(13,701)
Finance charges	3	(84,449)	(56,574)
Share-based payment expense	13	56,285	(209,657)
Loss before income tax benefit		**(1,023,865)**	**(1,203,547)**
Income tax benefit	4	345,563	156,080
Loss for the period		**(678,302)**	**(1,047,467)**
Other comprehensive loss for the period		-	-
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(1,867)	-
Total comprehensive loss for the period		**(680,169)**	**(1,047,467)**
Basic and diluted loss per share (cents per share)	7	**(0.30)**	**(0.66)**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position
As at 31 December 2023

	Notes	As at 31 December 2023 $	As at 30 June 2023 $
Assets			
Current Assets			
Cash and cash equivalents		944,563	1,522,090
Trade and other receivables	8	1,984,137	1,317,740
Inventories		1,161,115	1,072,164
Total Current Assets		**4,089,815**	**3,911,994**
Non-Current Assets			
Property, plant and equipment	9	389,255	504,734
Other receivables		126,594	128,304
Intangible assets	10	219,634	238,107
Right-of-use-assets		709,350	809,620
Total Non-Current Assets		**1,444,833**	**1,680,765**
Total Assets		**5,534,648**	**5,592,759**
Liabilities			
Current Liabilities			
Trade and other payables	11	1,847,107	1,470,035
Employee benefits		696,712	664,212
Borrowings	12	360,204	6,374
Lease liability		150,554	154,498
Provisions		235,431	132,700
Total Current Liabilities		**3,290,008**	**2,427,819**
Non-Current Liabilities			
Trade and other payables	11	428,593	-
Employee benefits		46,867	50,109
Borrowings	12	55,088	724,587
Lease liability		589,270	661,991
Total Non-Current Liabilities		**1,119,818**	**1,436,687**
Total Liabilities		**4,409,826**	**3,864,506**
Net Assets		**1,124,822**	**1,728,253**
Equity			
Issued capital	5	16,234,672	16,109,084
Reserves	6	590,218	730,413
Accumulated losses		(15,700,068)	(15,111,244)
Net Equity		**1,124,822**	**1,728,253**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity for the half year ended 31 December 2023

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2023	**16,109,084**	**730,413**	**(15,111,244)**	**1,728,253**
Loss for the period	-	-	(678,302)	(678,302)
Other comprehensive income	-	(1,867)	-	(1,867)
Total comprehensive loss for the period	**-**	**(1,867)**	**(678,302)**	**(680,169)**
Shares issued during the period	127,500	-	-	127,500
Share issue costs	(1,912)	-	-	(1,912)
Value of expired performance rights written back during the period	-	(27,668)	-	(27,668)
Value of expired options transferred to accumulated losses	-	(89,478)	89,478	-
Value of performance rights written back to account during the period	-	(75,116)	-	(75,116)
Value of service rights brought to account during the period	-	53,934	-	53,934
Balance as at 31 December 2023	**16,234,672**	**590,218**	**(15,700,068)**	**1,124,822**

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2022	**12,565,412**	**266,130**	**(12,188,179)**	**643,363**
Loss for the period	-	-	(1,047,467)	(1,047,467)
Total comprehensive loss for the period	**-**	**-**	**(1,047,467)**	**(1,047,467)**
Shares issued during the period	3,114,987	-	-	3,114,987
Share issue costs	(317,769)	-	-	(317,769)
Value of options brought to account during the period	-	28,025	-	28,025
Value of performance rights brought to account during the period	-	99,332	-	99,332
Value of service rights brought to account during the period	-	7,750	-	7,750
Balance as at 31 December 2022	**15,362,630**	**401,237**	**(13,235,646)**	**2,528,221**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows
for the half year ended 31 December 2023

	Six months to31 December 2023 (Group) $	Six months to 31 December 2022 (Company) $
Cash flows from operating activities		
Receipts from customers	4,950,835	3,848,104
Payments to suppliers and employees	(5,507,333)	(4,710,804)
Interest paid and other finance costs	(82,773)	(53,922)
R & D tax incentives received	439,581	288,243
Net cash (used in) operating activities	**(199,690)**	**(628,379)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	-
Payments for loans to joint venture	-	(75,697)
Purchase of property, plant and equipment	(40,265)	(60,320)
Net cash (used in) investing activities	**(40,265)**	**(136,017)**
Cash flow from financing activities		
Proceeds from issue and subscription of shares	75,000	3,012,414
Payments for share issue costs	-	(323,156)
Repayment of lease liabilities	(80,921)	(81,899)
Proceeds from borrowings	169,589	400,000
Repayment of borrowings	(501,240)	(4,256)
Net cash (used in)/from financing activities	**(337,572)**	**3,003,103**
Net (decrease)/increase in cash and cash equivalents held	(577,527)	2,238,707
Cash and cash equivalents at the beginning of the half year	1,522,090	629,613
Cash and cash equivalents at the end of the half year	**944,563**	**2,868,320**

The accompanying notes form part of these financial statements.

Note 1: Basis of Preparation

These condensed interim general-purpose financial statements have been prepared in accordance with Australian Accounting Standards including AASB 134 Interim Financial Reporting and Accounting Interpretations issued by the Australian Accounting Standards Board ("AASB"), and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

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 Group 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 2023 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 under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

The financial statements are presented in Australian dollars.

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

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 29 February 2024.

The condensed consolidated 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 condensed consolidated 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 2023

For the period ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group 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 Group, 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 but not yet mandatory for the period ended 31 December 2023. As a result of this review the Directors have determined that there is no material impact of these Standards and Interpretations in issue on the Group 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.

Other Notes to the Condensed Consolidated Interim Financial Statements

Note 1: Segment Reporting

The Group'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 Group's operations and allocation of working capital. Due to the size and nature of the Group, 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 Group as a whole and are set out in the Condensed Consolidated 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 Consolidated Statement of Financial Position.

Note 2: Revenue from Contracts with Customers

Disaggregation of revenue

AASB 15 requires an entity to disclose a disaggregation of revenue from contracts with customers. The Group has selected to disaggregate revenue according to the timing of the transfer of goods and/or services.

The Group 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 2023 (Group) $	Six months to 31 December 2022 (Company) $
At a point in time		
Equipment sales	1,101,223	1,269,992
Field services	454,848	484,725
	1,556,071	**1,754,717**
Over time		
Equipment rentals	1,161,042	1,096,223
Subscription revenue	1,443,180	763,399
	2,604,222	**1,859,622**
Total revenue	**4,160,293**	**3,614,339**

Note 3: Finance charges

	Six months to 31 December 2023 (Group) $	Six months to 31 December 2022 (Company) $
Interest and finance charges paid/payable on borrowings	(36,189)	(50,329)
Interest and finance charges paid/payable on lease liabilities	(48,260)	(6,245)
	(84,449)	**(56,574)**

Other Notes to the Condensed Consolidated Interim Financial Statements

Note 4: Income tax benefit

	Six months to 31 December 2023 (Group) $	Six months to 31 December 2022 (Company) $
FY 2023 R&D Grant received	439,580	9,324
R&D Grant accrued/(reversed)	(94,017)	146,756
	345,563	**156,080**

Note 5: Issued Capital

	31 December 2023 $	30 June 2023 $
Ordinary shares issued and fully paid	**16,234,672**	**16,109,084**

Movement in ordinary shares on issue

	Six months to 31 December 2023		Year to 30 June 2023	
	Number	$	Number	$
Balance at beginning of period	225,784,876	16,109,084	106,305,280	12,565,412
Share placement and SPP at $0.036	-	-	83,678,154	3,012,414
Placement at $0.02	3,750,000	75,000	25,000,000	500,000
Shares issued in lieu of director's fees at $0.022	2,386,021	52,500	-	-
Shares issued on acquisition of Three Crowns Technologies Pty Ltd	-	-	8,048,678	250,000
Shares issued to employees at $0.039	-	-	1,968,037	78,246
Shares issued to Directors at $0.031	-	-	784,727	24,327
Share issue costs	-	(1,912)	-	(321,315)
Balance at end of the period	**231,920,897**	**16,234,672**	**225,784,876**	**16,109,084**

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 13 for further details of these plans.

Note 6: Reserves (continued)

Performance and Service Rights Reserves

These reserves are used to record the value of performance and service rights provided to employees, Directors and consultants as part of their remuneration. Refer to Note 13 for further details of these plans.

At 31 December 2023, the Company had the following reserve accounts:

	Six months to 31 December 2023		Year to 30 June 2023	
	Number	$	Number	$
Options	47,639,035	196,315	49,889,035	285,793
Performance rights	62,361,374	278,490	19,783,061	381,275
Service rights	7,000,000	115,618	7,000,000	61,684
Foreign currency translation reserve	-	(205)	-	1,661
Balance at end of period	**117,000,409**	**590,218**	**76,672,096**	**730,413**

OPTIONS RESERVE MOVEMENT

	Six months to 31 December 2023		Year to 30 June 2023	
	Number	$	Number	$
Balance at beginning of period	49,889,035	285,793	6,550,000	257,768
Placement options issued	-	-	41,839,035	-
Lead manager options (i)	-	-	1,500,000	28,025
Expired options written back to retained earnings	(2,250,000)	(89,478)	-	-
Balance at end of period	**47,639,035**	**196,315**	**49,889,035**	**285,793**

(i) These options were issued to Reach Corporate Pty (Ltd) as the lead manager for an earlier share placement.

PERFORMANCE RIGHTS RESERVE MOVEMENT

	Six months to 31 December 2023		Year to 30 June 2023	
	Number	$	Number	$
Balance at beginning of period	19,783,061	381,275	10,579,477	8,361
Brought to account during the period	45,062,424	-	24,651,259	381,275
Performance rights written back to account during the period	-	(75,117)	-	-
Performance rights cancelled during the period (i)	(2,484,111)	(27,668)	(15,447,675)	(8,361)
Balance at end of period	**62,361,374**	**278,490**	**19,783,061**	**381,275**

(i) Value of performance rights written back as agreed between the entity and the holders as vesting conditions are not anticipated being met.

Note 6: Reserves (Continued)

SERVICE RIGHTS RESERVE MOVEMENT

	Six months to 31 December 2023		Year to30 June 2023	
	Number	$	Number	$
Balance at beginning of period	7,000,000	61,684	-	-
Brought to account during the period	-	53,934	7,000,000	61,684
Balance at end of period	**7,000,000**	**115,618**	**7,000,000**	**61,684**

Note 7: Loss per Share

Basic and diluted loss per share

	Six months to 31 December 2023 (Group)	Six months to 31 December 2022 (Company)
	Cents per share	Cents per share
Basic and diluted loss per share	**(0.30)**	**(0.66)**

Losses

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

	Six months to 31 December 2023 (Group)	Six months to 31 December 2022 (Company)
	$	$
Loss for the period	**(678,302)**	**(1,047,467)**

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:

	6 Months to 31 December 2023	6 Months to 31 December 2022
	Number	Number
Weighted average number of ordinary shares for the purpose of basic loss per share	**227,507,901**	**159,513,274**

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

Note 8: Trade and Other receivables

	Six months to 31 December 2023 $	Year to 30 June 2023 $
Trade receivables (i)	1,550,757	926,664
Allowance for expected credit losses	(32,083)	(31,674)
	1,518,674	894,990
Prepayments	246,080	107,965
Other	(407)	977
R&D refund receivable	219,790	313,808
Total	**1,984,137**	**1,317,740**

(i) 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.

Note 9: Property, Plant and Equipment

	Spectur platforms $	Leasehold improve-ments $	Plant and equipment $	Office equipment $	Motor Vehicles $	Total $
Balance at 1 July 2023	374,751	3,925	11,463	22,038	92,557	504,734
Additions	33,103	-	4,289	3,364	-	40,756
Disposals	(35,026)	-	-	(81)	-	(35,107)
Depreciation charge for the period	(87,777)	(720)	(7,465)	(4,466)	(20,700)	(121,128)
Balance at 31 December 2023	**285,051**	**3,205**	**8,287**	**20,855**	**71,857**	**389,255**
Balance at 1 July 2022	313,489	8,789	23,915	23,058	100,844	470,095
Additions	151,284	-	6,603	3,691	-	161,578
Acquired through business combinations	129,151	-	-	4,924	38,109	172,184
Disposal	(4,625)	-	-	-	-	(4,625)
Depreciation charge for the year	(214,548)	(4,864)	(19,055)	(9,635)	(46,396)	(294,498)
Balance at 30 June 2023	**374,751**	**3,925**	**11,463**	**22,038**	**92,557**	**504,734**

Other Notes to the Condensed Consolidated Interim Financial Statements

Note 10: Intangible assets

	APNIC Addresses $	Software Development $	Other Intangibles $	Total $
Carrying Value at 1 July 2023	143,360	82,107	12,640	238,107
Accumulated amortisation	-	(15,869)	(2,604)	(18,473)
Carrying value at 31 December 2023	**143,360**	**66,238**	**10,036**	**219,634**

Note 11: Trade and other payables

	31 December 2023 $	30 June 2023 $
Current trade and other payables		
Accounts payable [(i)]	334,492	350,849
Accruals	91,143	117,573
ATO & State Governments	228,770	217,037
Unearned revenue	1,146,244	727,387
Customer prepayments	46,458	57,189
Total current trade and other payables	**1,847,107**	**1,470,035**
Non-current trade and other payables		
Unearned revenue	428,593	-
Total non-current trade and other payables	**428,593**	**-**
Total trade and other payables	**2,275,700**	**1,470,035**

(i) Accounts payables are non-interest bearing and are normally settled on 30-day terms.

Note 12: Borrowings and other financial liabilities

	31 December 2023 $	30 June 2023 $
Current loans		
Non-secured loans	343,882	-
Secured loans	16,322	6,374
Total current loans	**360,204**	**6,374**
Non-current loans		
Non-secured loans	-	650,000
Secured loans	55,088	74,587
Total non-current loans	**55,088**	**724,587**
Total loans	**415,292**	**730,961**

Secured Loans

These loans are secured by Motor Vehicles. The interest rates on these loans range from 3.40% to 9.85% and interest is repayable within a period of 34 months from the reporting date. Total monthly repayments are $2,037.

Non-Secured Loans

This includes $250,000 remaining of outstanding debt on a loan facility with EGP Capital. During the current period a repayment of $400,000 was made, resulting in the end-of –calendar-year loan balance of $250,000. Interest on this loan was 10% p.a. on the drawn-down amount until December 2023, and increased to 13% p.a. from 1 January 2024. The facility is repayable by 31 December 2024, either in cash or by issuing fully paid Spectur Limited ordinary shares at the option of the Company. The number of shares to be issued is 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 therefore effectively been granted a put option by EGP Capital, which creates a derivative instrument. The Company has calculated the value of this derivative to be an immaterial amount, therefore the liability has been stated at its face value at balance date.

The remaining balance of Non-Secured Loans represents a loan facility with a third party repayable by 30 April 2024 at an interest rate of 9.18% p.a.

Note 13: 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 any options granted, are determined by the Board. Shareholder approval is sought where required.

During the past current period, the following equity-settled share-based payments have been recognised:

	31 December 2023 $	30 June 2023 $
Expense arising from equity-settled share-based payment transactions	93,078	538,099
Value of Performance Rights forfeited / written back(i)	(149,363)	(8,361)
Net share-based payment expense recognised in profit or loss	**(56,285)**	**529,738**

(i) Value of Performance Rights forfeited due to employee resignations and re-assessment of the probability of vesting based on the vesting conditions.

Note 13: Share-based Payments (continued)

a) Recognised Share-based Payment Expense (continued)

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	0.100	77,458	30 Jun 2021
Director options	2,100,000	30 Jun 2021	30 Jun 2024	0.130	90,832	29 Oct 2021
Lead Manager	1,500,000	7 Sep 2022	7 Sep 2025	0.066	28,025	7 Sep 2022

In addition, 2,250,000 options issued to EGP Capital in 2021 expired unexercised.

Performance rights	Number	Grant date	Expiry date	Value at grant date $	Fair value at balance date $	Vesting date $
Director FY23/24	8,763,522	25 Nov 2022	30 Jun 2025	0.04	343,200	30 Jun 2024
Director FY24/25	16,770,045	23 Nov 2023	30 Jun 2026	0.02	343,200	30 Jun 2025
Employees	8,367,735	7 Oct 2022	30 Jun 2025	0.04	327,700	30 Jun 2024
Employees	2,651,805	14 Apr 2023	30 Jun 2025	0.04	103,851	30 Jun 2024
Employees	28,292,379	23 Nov 2023	30 Jun 2026	0.02	611,759	30 Jun 2025
Forfeited Performance Rights FY23/24 due to Employee Resignations	(641,530)	25 Nov 2022	30 Jun 2025	0.04	(25,124)	30 Jun 2024
Forfeited Performance Rights FY24/25 due to Employee Resignations	(1,842,582)	23 Nov 2023	30 Jun 2026	0.02	(70,646)	30 Jun 2025

Performance rights issued during the current period were valued based on the Company's share price on the date of issue.

Service rights	Number	Grant date	Expiry date	Value at grant date $	Fair value at balance date $	Vesting date $
Director [1]	6,000,000	25 Nov 2022	1 Dec 2024	0.031	186,000	1 Dec 2024
Company Secretary [1]	1,000,000	25 Nov 2022	1 Dec 2024	0.031	31,000	1 Dec 2024

[1] Subject to continuous service over the vesting period to 1 December 2024.

Long Term Incentives - Performance and Service 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 relevant vesting and measurement dates. The Performance Rights have been valued based on the Company's share price on grant date.

Note 13: Share-based Payments (continued)

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 of the Spectur share price 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.

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 December 2023		30 June 2023	
	Number	WAEP	Number	WAEP
Outstanding at beginning of year	8,050,000	$0.100	6,550,000	$0.100
Expired options	(2,250,000)	$0.12	-	-
Granted by the Company during the year	-	-	1,500,000	$0.019
Outstanding at end of Period	**5,800,000**	**$0.10**	**8,050,000**	**$0.10**
Exercisable at the end of Period	**5,800,000**	**$0.10**	**8,050,000**	**$0.10**

The value of the options granted during the prior year were included in share capital as a capital raising cost.

Note 14: Significant events subsequent to balance date

No matters or circumstances have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the Group.

Directors' Declaration

In the opinion of the Directors of Spectur Limited:

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 Group's financial position as at 31 December 2023 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.

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 2023.

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 29 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Spectur Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Spectur Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 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 half-year 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 half-year 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 half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 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 half-year 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
29 February 2024

Giallonardo

L Di Giallonardo
Partner