

Spectra Systems Corporation
16 July, 2024

Spectra Systems Corporation ("Spectra")

New \$37.9 million sensor manufacturing contract

Spectra Systems Corporation, a leader in machine-readable high speed banknote authentication, brand protection technologies, security printing and gaming security software, is pleased to announce that on 15 July 2024 it entered into a contract worth \$37.9 million to manufacture sensors for an existing central bank customer. A second tranche of consideration of \$1.7 million is expected later this year upon signature of the related manufacturing contract. This would bring the sensor manufacturing revenues from the new contract to a total of \$39.6 million.

Revenue recognition will be based on a standard cost accounting basis with certain progress milestones related to expenditures. The bulk of the revenues related to the contract are expected to be received from Q1 2025 through Q4 2027, with trailing manufacturing contract revenues of approximately \$4.5 million thereafter until 2029. This manufacturing contract margin is expected to result in profits over its term that are significantly higher than previously estimated.

Finally, the Board expects to execute a service agreement relating to the new sensors with this customer in Q1 of 2025.

Dr. Nabil Lawandy, Chief Executive Officer, stated: "This long-awaited contract for the third generation of sensors follows after over \$14.8 million of development funding by our customer and reflects both the continued need for banknotes as well as the trust our customer has in Spectra Systems."

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

The person responsible for arranging the release of this announcement on behalf of the Company is Dr. Nabil Lawandy, Chief Executive Officer of the Company.

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