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Secure. Sustainable. Scalable.

H1 FY24 Results and Business Update

23 February 2024



About us

Spirit Technology Solutions provides services and solutions that enable organisations to:

Secure

- Strengthen their security posture to match the constantly changing cyber threat landscape.

Sustainable

- Leverage intelligent, clean technologies to measure and reduce their carbon footprint, achieve net-zero targets, and potential cost savings.

Scalable

- Remain ahead of the curve and accelerate their digital transformation by adopting agile technology solution that can easily adapt to changing business needs and deliver their ROI goals for technology investments.



Our Trajectory

Our past

Spirit was a provider of fixed wireless infrastructure and IT Services including high-speed internet, security, cloud, mobile, voice and managed services.

February 2022: introduction of Spirit 2.0 to focus on providing modern and secure digital workplaces.

June 2022: Spirit completes the sale of its wholesale fixed wireless assets.

December 2022: Spirit transfers ISP assets to complete transition to a streamlined B2B business model.

Where we are now

Spirit currently focuses on providing secure digital workspaces with three key offerings:

- **Cyber Security:** specialist cyber managed services and industry leading solutions to corporate and enterprise customers.
- **Communication & Collaboration:** voice solutions, data and office technology for small business.
- **Managed Services:** a comprehensive range of managed IT and professional services to SMB and mid-market customers.

Where we are going

Spirit is moving toward becoming one of Australia's leading providers of secure modern digital workplaces via the following services:

- **Secure:** helping companies create a secure organisation and reduce risks through our Cyber Security solutions. Enable a rapid response to cyber and privacy breaches.
- **Sustainable:** working with our partners Cisco and Microsoft to provide companies with smart networks, IoT devices and carbon reporting and management models to help reduce their carbon footprint.
- **Scalable:** helping businesses to be scalable at low cost through our smart infrastructure and network solutions, built with security at the core.

Our go-to-market strategy

As a business with a national footprint, a skilled team and key partnerships, we are well positioned to help organisations solve the key challenges they face.

The market is asking for solutions that improve their resilience to cyber attacks, climate change and are responsive to challenging business conditions.

Spirit's 7,000+ customers are benefitting from integrated solutions that deliver measurable business outcomes.

We believe this strategy will drive the growth of the business and deliver much better returns for our investors.



Acquisition of InfoTrust



Strategic Rationale

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1 Highly complementary to Spirit's cyber offering	<ul style="list-style-type: none">✓ Expands Spirit's geographic presence with a deeper footprint in Sydney and Melbourne, complementing Spirit's well-established presence in Brisbane.✓ Strengthens relationships with key cyber security vendor partners.✓ Minimal customer overlap with Spirit's existing Cyber Security
2 Revenue and margin accretion opportunities	<ul style="list-style-type: none">✓ Synergies of \$1.4M expected to be achieved in FY25³.✓ Ability to serve InfoTrust's customers through Spirit's state-of-the-art Security Operations Centre (SOC).✓ Opportunity to increase margins of Spirit's existing Cyber Security division by implementing InfoTrust's delivery approach.✓ Cross-sell opportunities from Spirit's other segments to InfoTrust's customer base.
3 Strengthened Board and management team	<ul style="list-style-type: none">✓ InfoTrust's co-founder and CEO (Simon McKay) to join Spirit's Board as an Executive Director and CEO of the combined cyber division✓ Dane Meah, InfoTrust co-founder and CEO of key vendor partner, MyCISO to join Spirit's Board.
4 Spirit to become a cyber security business of scale	<ul style="list-style-type: none">✓ Scales Spirit's Cyber Security division to become the largest revenue contributor in the Company (and one of the larger cyber businesses in Australia), providing a foundation to make security services the core of the Company's products and solutions.✓ Combined Cyber Security group revenue will be \$65M at acquisition completion date, making Spirit a major player in the cyber security market.✓ Supported by strong structural tailwinds with rapidly growing demand as cyber security needs continue to evolve and become increasingly complex.

Refer slide 18 for footnote comments



InfoTrust

Overview of InfoTrust

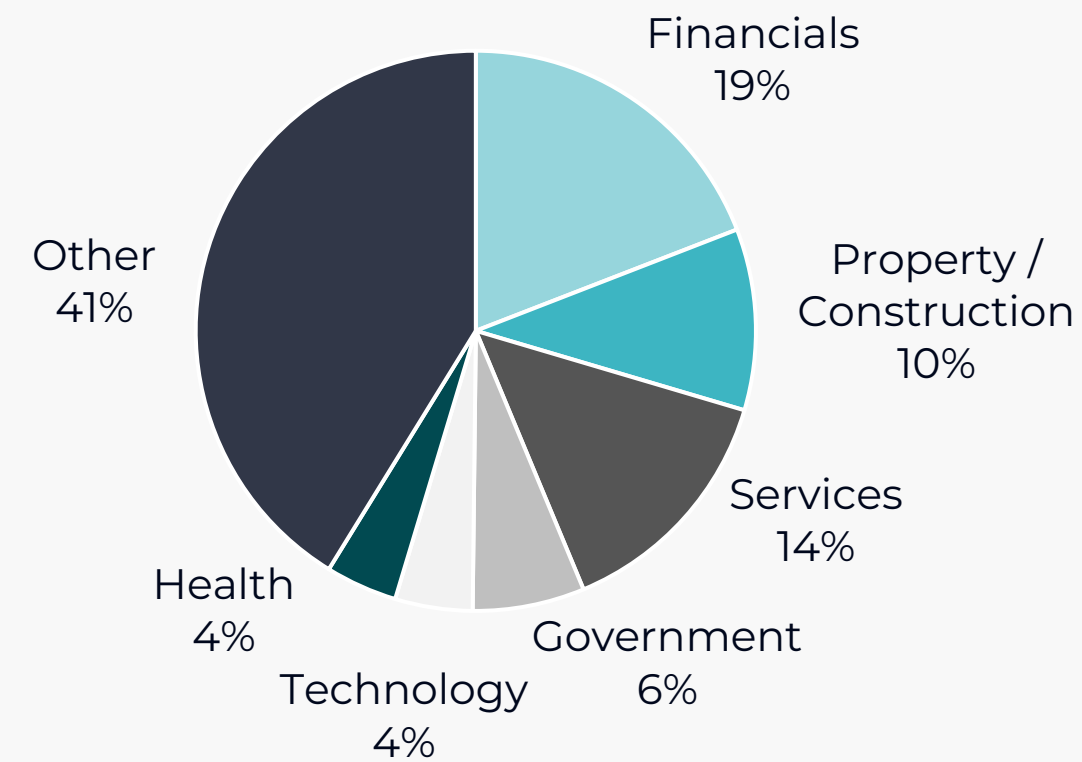


InfoTrust

Summary

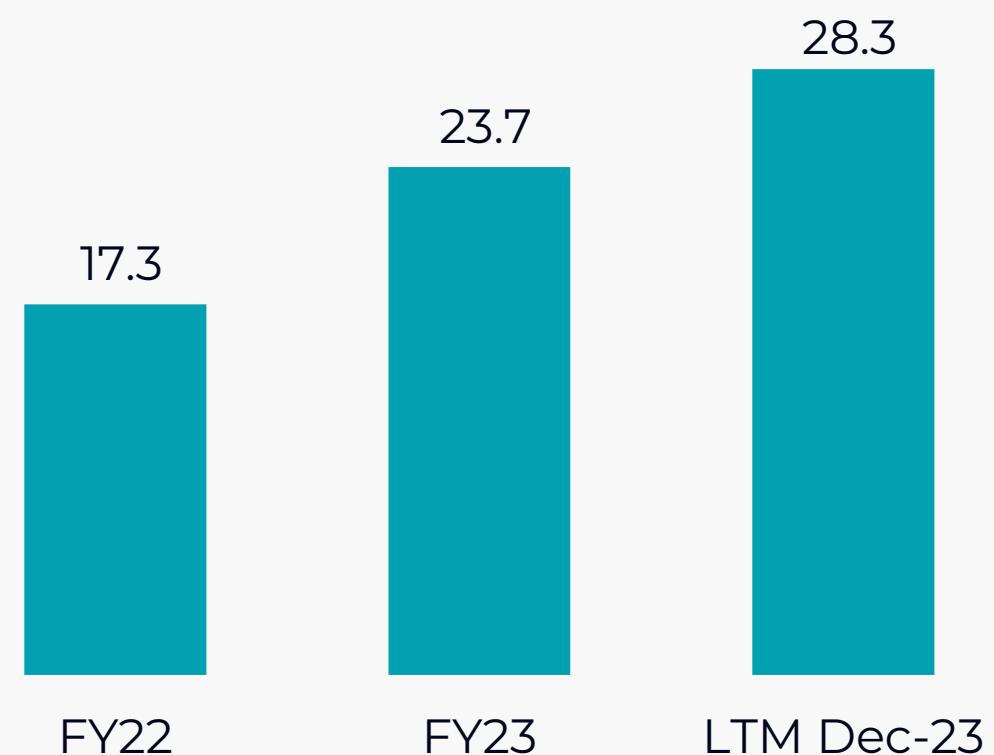
- **Major provider of cyber security solutions to ~400 Australian businesses, with a footprint across Melbourne, Sydney, Brisbane and Manila**
 - Provides a range of valued-added assurance and consulting services including penetration testing, awareness training, compliance audits and strategic plans.
 - Also allows companies to leverage the support of an entire cyber security team via InfoTrust's CISO Services Retainer.
 - Strong partnerships with key global cyber security product vendors in the Australian market.
- **Co-founded in 2014 by renowned cyber security experts Simon McKay and Dane Meah**
 - Simon and Dane also co-founded MyCISO, a SaaS offering that enables MSPs to deliver security management services to end customers (and key vendor partner to InfoTrust).
 - Simon will join Spirit as Executive Director and CEO of the combined cyber division, with Dane to join Spirit's Board and remain CEO of MyCISO.
- **Positive tailwinds to support its strong track record of growth and leading margins**
 - The Australian Security of Critical Infrastructure Act (SOCi Act) came into force in 2022 to assist with managing and protecting critical infrastructure, with a cyber attack targeting Australia currently occurring every two minutes¹.
 - Australian Cyber Security market size expected to increase from US\$6 billion in 2023 to US\$14 billion in 2028².
 - Expected to support further growth at a strong gross margin (FY23 GM: 29.7%).

Diversified customer base of ~400 customers

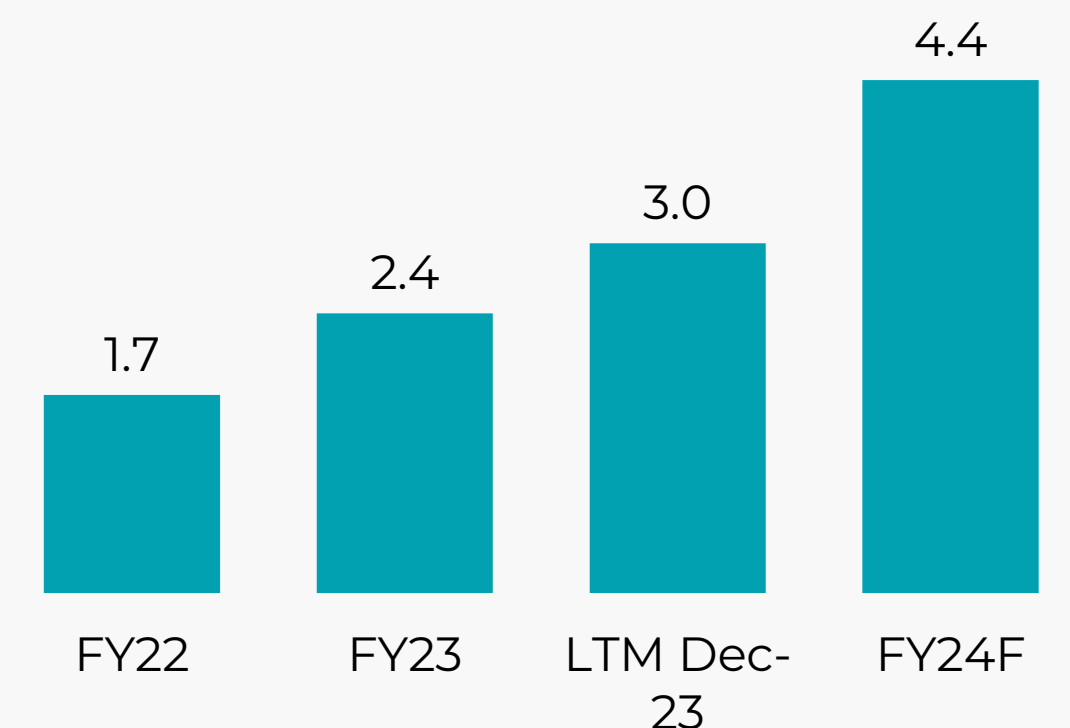


Minimal customer concentration, with only 5 customers representing >2% of sales and NO customer representing >7%

Historical Revenue (\$m)



Historical and Forecast EBITDA (\$m)



Notes: (1) AustCyber: Australia's Cyber Security Sector Competitiveness Plan 2022. (2) Mordor Intelligence – Australia Cyber Security Industry Report.

InfoTrust Vendors and Customers

High Value Key vendor partners

  2020 ANZ SMB Partner of the Year	  2022 APAC Partner of the Year
  2020, 2021, 2023 Partner of the Year awards	  2019 Emerging Partner of the Year
  2016 Partner of the Year	  2015 APAC Innovation Partner of the Year
  2018 Channel Partner of the Year	 Owned by InfoTrust vendors ¹

6 of InfoTrust's 8 largest vendor partners are common with Spirit - Acquisition provides opportunity to further strengthen relationships, improve margins and vendor marketing initiatives

Snapshot of InfoTrust's customers



Less than 5 common customers with Spirit, providing significant cross-sell opportunities for Spirit's other business segments

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InfoTrust Transaction Funding and Terms

Key Commercial Terms

Consideration

- Total consideration payable for the Acquisition is \$34.6 million, comprising:
 - \$14.0 million in cash on completion;
 - \$14.0 million in Spirit shares at 4.6c per share, totaling 304.3M shares (**Scrip Consideration**); and
 - \$6.6 million in deferred consideration to be paid as follows (**Deferred Consideration**):
 - Tranche 1 of \$1.5 million on the six-month anniversary of the completion date
 - Tranche 2 of \$1.5 million on the 12-month anniversary of the completion date
 - Tranche 3 of \$3.6 million on the 18-month anniversary of the completion

Funding

- Acquisition and associated costs to be funded by:
 - A Placement, to 263 Finance Pty Ltd, a significant shareholder and an associate of Non-Executive Director Shan Kanji to raise \$16 million at 5.0c per share (being 320 million shares);
 - 304.3 million Spirit shares issued to InfoTrust shareholders with an implied value of \$14.0 million; and
 - \$6.6 million in Deferred Consideration, to be satisfied using combined group earnings and/or existing cash..

Other

- The Scrip Consideration is subject to voluntary escrow, with 5% of the Scrip Consideration being released after each of 3, 6 and 9 months following completion of the Acquisition and the remainder being released 12 months after completion
- The issue of the Scrip Consideration and the Shares under the Placement are subject to shareholder approval which will be sought at an EGM expected to be held in late March/early April 2024. The notice of meeting for the EGM will be accompanied by an Independent Expert's report in respect of the issue of the shares to 263 Finance Pty Ltd.

Sources and Uses of Funds

Sources	\$m	Uses	\$m
Placement of ordinary shares to 263 Finance Pty Ltd	16.0	Acquisition of InfoTrust	34.6
Upfront scrip	14.0	Working capital	1.1
Combined group earnings and/or existing cash	6.6	Transaction costs	0.9
Total	36.6		36.6

Combined Group Security Services & Solutions

Significant margin accretion opportunities from InfoTrust's additional offerings and scale, combined with the revenue uplift from the provision of Spirit's SOC services to InfoTrust customers

1 Complementary Capabilities



Board Cyber Advisory Services

- ▶ Cyber Strategy Development
- ▶ Cyber Board Reporting
- ▶ Cyber Capability Roadmap
- ▶ Information Governance Frameworks



Data Governance Advisory Services

- ▶ Information Lifecycle Management
- ▶ Critical Infrastructure Advisory



Governance Framework Services

- ▶ ISO / NIST / E8
- ▶ Incident Response Planning and Simulation



Cyber Resilience / Risk Assessment

- ▶ Cyber Policy Development



Offensive Security

- ▶ Pen testing / Red Teaming



Cyber Managed Services

- ▶ Security Operation Centre
- ▶ Vulnerability management
- ▶ SIEM Management



Cyber Security Engineering

- ▶ MDR / XDR
- ▶ Incident response



Cyber Products

- ▶ Cyber Product Selection
- ▶ Cyber Product Implementation
- ▶ Cyber Product Engineering and Support



Data and Cloud Security

- ▶ Data and Cloud security services



Security Operations Management

- ▶ Security Operations Management
- ▶ Onshore vs Offshore services

2 Enhanced Offering and Scale

3 Significant Growth Opportunities

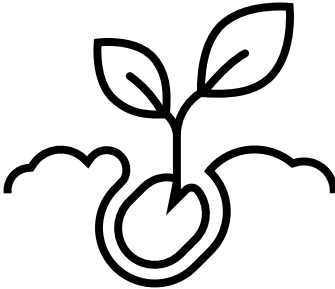

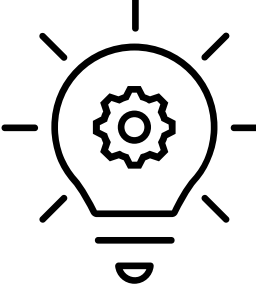
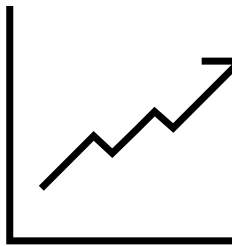
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Strategy and investment case



Growth Pillars

The InfoTrust Acquisition demonstrates execution of our refreshed go-to-market strategy, which provides a platform for Spirit to become one of Australia's leading providers of modern and secure digital workplaces

1 Customer Growth	2 Partnerships	3 Expand Offerings	4 Inorganic Growth
<p>Cross-selling and up-selling offerings to existing customers of Spirit and InfoTrust.</p> <p>Further customer acquisition through the Cisco agreement signed November 2023.</p> 	<p>Further agreements and partnerships with our leading global technology partners.</p> <p>Targeting 4,000 new customers and 100+ dealers through Cisco agreement and Spirit's dealer program.</p> 	<p>Development of intellectual property to accelerate project delivery timeframes and build capabilities.</p> <p>Several offerings already launched, including cyber managed security solution from Spirit's new SOC.</p> 	<p>Further strategic acquisitions to grow in the Secure, Sustainable, Scalable space.</p> 

Investment highlights



Market leading Australian provider of cyber security, sustainability and managed services IT solutions.



Strong market tailwinds across all three core markets of cyber security, sustainable IT solutions and managed services. Australian cyber security market forecast to grow from US\$6.0b in 2023 to US\$14.0b in 2028, a CAGR of 18.4%¹



Advancing accretive acquisition opportunities and organic growth through geographic and customer expansion and upsell and cross sell to existing customers.



Experienced board and executive team with extensive experience across cyber security, managed services and IT&T.



Return to positive operating cashflows in FY25 and positive earnings contributions from all segments.

¹Source: Mordor Intelligence – Australia Cyber Security Industry Report.

Financial Results



Key highlights

- Group revenue for H1 FY24¹ of \$57.03 million and Group Underlying EBITDA* of \$160,000 in line with unaudited results
- Cyber Security achieved underlying EBITDA* of \$621K (H1 FY23: \$259K) on half-year sales revenue of \$19.22M (H1 FY23: \$14.85M)
- Previous \$8M debt repayment replaced by debt amortisation of \$85,000 per month (commencing 1 July 2024)
- Post half-year end developments:
 - Spirit significantly expands cyber security offering through acquisition of InfoTrust for a total consideration of \$34.6M
 - Appointment of Shan Kanji as a Non-Executive Director

Refer slide 18 for footnote comments



Operating results

Consolidated Financials

Six-Month Period Ending December 31

\$ in 000's	H1 FY24	H1 FY23	Change (\$'000)
Revenue	57,032	67,289	(10,257)
Other income	172	38	134
Revenue and other income	57,204	67,327	(10,123)
EBITDA*	(3,609)	(5,757)	2,148
Share-based payments	668	350	318
Loss/(profit) on divestment of non-core assets	-	412	(412)
Acquisition & divestment costs	492	133	359
Restructuring and integration costs***	535	454	81
Other normalisation items****	679	-	679
Net fair value loss on remeasurement of contingent consideration on business combinations	-	8,385	(8,385)
Impairment of non-current assets	1,395	-	1,395
Underlying EBITDA*	160	3,977	(3,817)

- Total revenue and other income for the Consolidated Entity for H1 FY24¹ was \$57.20M (H1 FY23: \$67.33M)

- The statutory loss for the Consolidated Entity for the half year ended 31 December 2023 (H1 FY24¹) after providing for income tax amounted to \$5.20M (31 December 2022 (H1 FY23): loss \$7.79M)

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Segment P&Ls¹

Segment Reporting H1 FY24

\$ in 000's	Cyber Security	Communication & Collaboration	Managed Services	Corporate	Total
Revenue	19,223	19,784	18,160	(161)	57,006
Underlying EBITDA*	621	3,483	(2,458)	(1,486)	160
Depreciation and amortisation expense (exc. amortisation on customer relationships)	(241)	(673)	(486)	-	(1,400)
Finance costs (net of interest Income)	(20)	(30)	(48)	(1,241)	(1,339)
Underlying net (loss)/profit before tax**	360	2,780	(2,992)	(2,727)	(2,579)
Underlying Adjustments:					
Share based payments	-	-	-	(668)	(668)
Acquisition and divestment costs	-	-	(12)	(480)	(492)
Restructuring & integration costs***	(9)	-	(526)	-	(535)
Other normalisation items****	-	(360)	(552)	233	(679)
Impairment of non-current assets	-	-	(1,395)	-	(1,395)
Amortisation of customer relationships	-	(597)	-	-	(597)
(Loss)/profit before income tax benefit	351	1,823	(5,477)	(3,642)	(6,945)
Income tax benefit					1,745
(Loss) after income tax benefit					(5,200)

¹ Spirit is reporting results under its existing CGUs/business segments
Refer slide 18 for footnote comments

Financial Notes

To be read in conjunction with the Directors' Report and Annual Financial Statements for the six Months ended 31 December 2023

¹ FY24 refers to the 12-month period 1 July 2023 to 30 June 2024.

² Q4 FY24 refers to the 3-month period 1 April 2024 to 30 June 2024.

³ FY25 refers to the 12-month period 1 July 2024 to 30 June 2025.

* EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit/(loss) under AAS adjusted for depreciation, amortisation, interest and tax. Underlying EBITDA is EBITDA adjusted to exclude acquisition & divestment costs, restructuring & integration costs, other normalisation items, net fair value loss on remeasurement of contingent consideration on business combinations, impairment of non-current assets, loss/(profit) on divestment of non-core assets and share-based payments.

** Underlying net profit/(loss) before income tax benefit/(expense) ("uNPBT") is a financial measure which is not prescribed by Australian Accounting Standards and adjusts underlying EBITDA* to deduct depreciation & amortisation (excluding amortisation of customer relationships) and finance costs (net of interest revenue).

*** Restructuring & integration costs encompasses system reengineering costs

**** Other normalisation items covers:

- a notional addback for professional services margin loss supporting customers to move from an acquired end of life product to Spirit's modern workplace solution ("MWS") (-\$0.6M).
- Investments in trialling and development of new initiatives within the Collaboration & Communication segment (-\$0.4M).
- Net corporate one-off benefits (+\$0.2M)

Combined Executive Team

Our executive team has extensive experience across Cyber Security, Managed Services and Communication & Collaboration.



Julian Challingsworth

Managing Director & CEO



Paul Miller

Chief Financial Officer



Zoe Rosenwax

Head of People



Nathan Knox

Chief Operating Officer



James Harb

Co-CEO Nexgen



Elie Ayoub

Executive Director & Co-CEO Nexgen



Simon McKay¹

Executive Director and CEO Cyber Security

Notes: (1) Subject to completion of the Acquisition.

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