

Spirit Technology Solutions Ltd (ASX:STI)

AGM 2021 | November 2021

Sol Lukatsky | Managing Director



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Presentation Agenda

- 1. Trading Update**
- 2. Context & Strategy**
- 3. FY21 Highlights**
- 4. Close & Thanks**

Trading Update

Poised for growth with increased demand and strong balance sheet

- **Solid Q1 performance:** Q1 FY22 revenues¹ of \$30.9M up 98% YoY and positive underlying EBITDA² of \$2.0M achieved during lockdowns and seasonally slower quarter.
- **Strong balance sheet:** \$22.3M in available capital. Cash balance of \$15.3M and \$7M available in CBA facility (as at 24 Nov 2021).
- **Strong sales recovery in November:** Post lockdown recovery across SMB and Corporate segments:
 - SMB Data & Voice sales via Nexgen and Spirit returning to Q4 FY21 levels
 - New corporate deals across Banking & Education
 - Growing pipeline across Mining & Healthcare
- **Investing in distribution:** Salesforce expanded nationally in Q2 to accommodate increasing demand.



¹ Revenue refers to Recurring and Solutions & Projects revenue. Project revenue includes government grant infrastructure revenue. FY22 Q1 numbers are presented on an unaudited basis.

² Underlying EBITDA adjusts EBITDA to exclude business acquisition, divestment & integration costs, net fair value gain/(loss) on remeasurement of contingent consideration on business combinations and share-based payments.

Asset Strategy Update

Non-Core divestment accelerates future acquisition growth

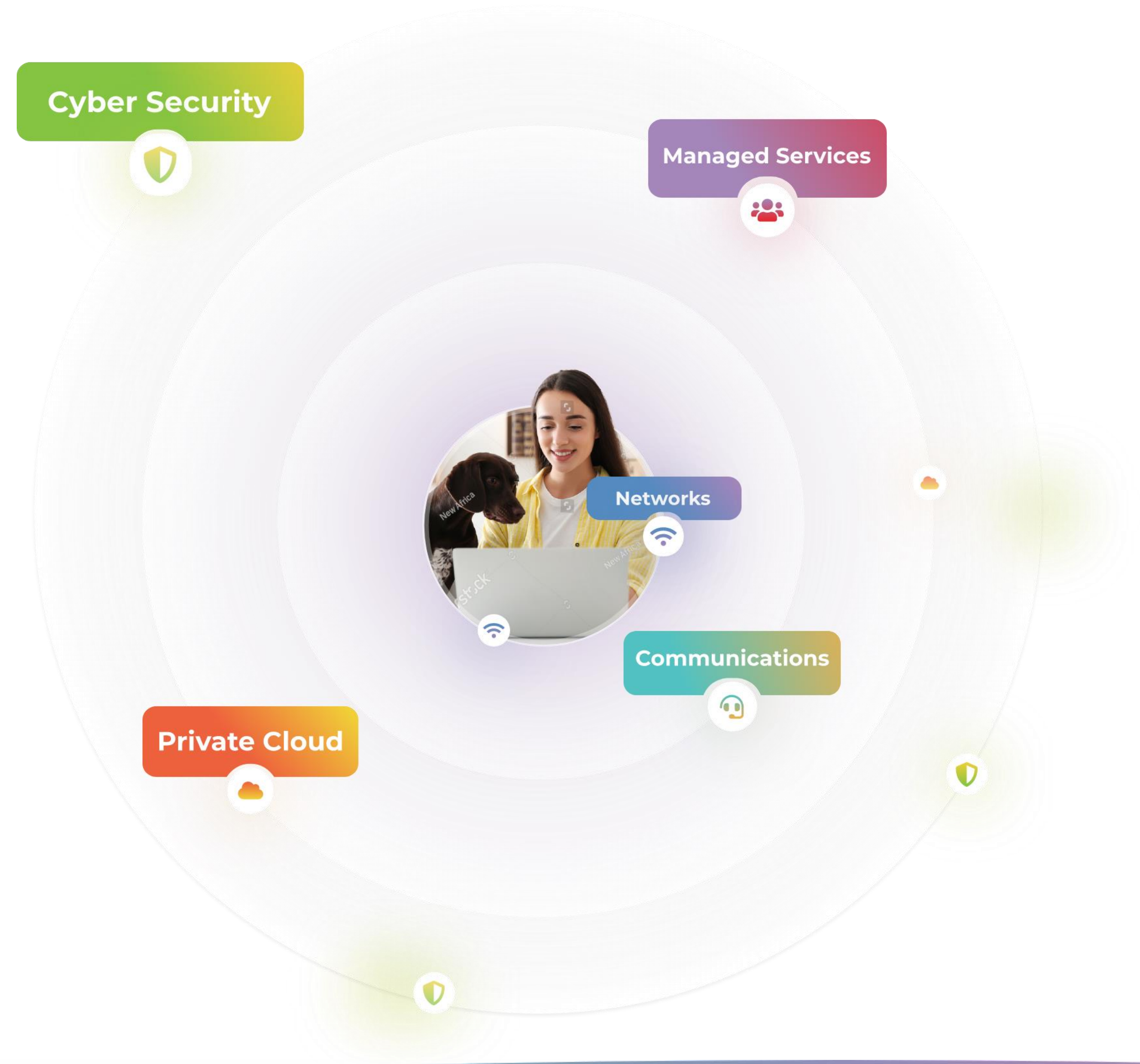


- **Consumer business:** divestment returned \$5.1M in capital to balance sheet.
- **M&A:** sector consolidation continuing at pace for assets with scale.
- **Divestment of fixed wireless towers:** Spirit is strongly considering divestment options for the fixed wireless towers and the Board expects to update the market in Q3.
- **Return of capital:** The sale of the fixed wireless network would return significant capital back for both organic and acquisition growth initiatives.
- **Future acquisition strategy:** Acquisition targets have been identified across B2B Telco and Cloud. Strong balance sheet and capital returning will allow Spirit to be active again in acquisition activity across H2 FY22.

Context & Strategy

Structural change in the workplace accelerated during COVID

Business is demanding digital solutions to retain employees and create customer engagement



Accelerating demand.... Fragmented solutions

The digital requirements of modern businesses have accelerated

- Distributed workforce
- High bandwidth/fast speed requirement
- Migrating to cloud-based digital tools
- Conduct all activities (e.g. sales/support) online
- Integrate and manage many device types



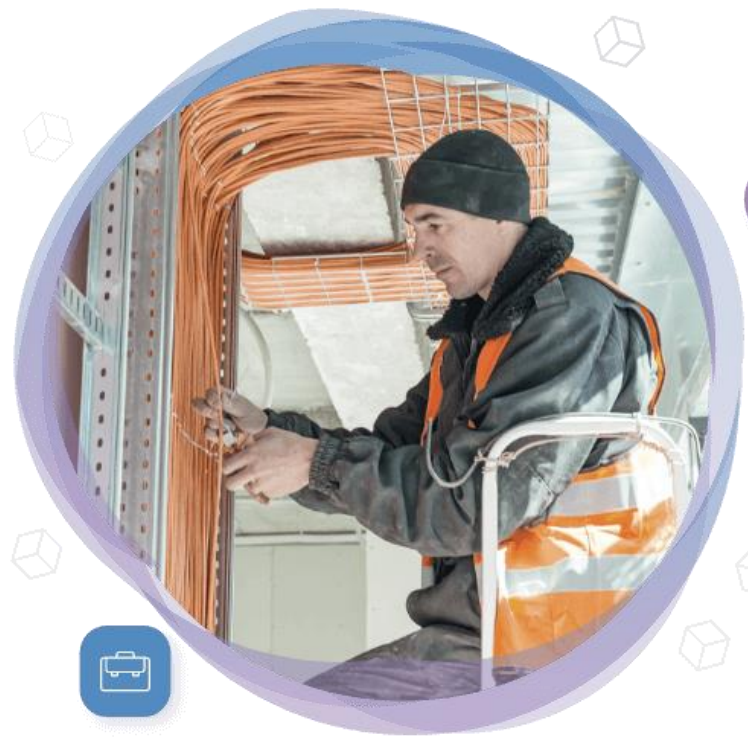
A significant gap exists for Spirit to be a one-stop-shop for digital workplace solutions

...but there is no easy-to-deploy end-to-end solution

- Major telcos are not equipped to help SMB's & Corporates transition to this new work environment
- Traditional ISPs own 'road' but not the valued added services
- Business owners have to go to multiple service providers to create a solution
- Each service provider doesn't own any issues that arise in the solution

Layering value added services on digital infrastructure

One-stop-shop for Digital Workplaces



Internet Connections

- ▶ Business Fibre
- ▶ NBN Enterprise
- ▶ Fixed Wireless
- ▶ Private Network
- ▶ Managed Router



Communications

- ▶ Mobile
- ▶ LivePBX
- ▶ LivePBX
- ▶ LiveCall
- ▶ Webex/Cisco
- ▶ MS Teams



Cyber Security

- ▶ SD-WAN
- ▶ Custom SD-WAN
- ▶ Firewall
- ▶ Endpoint Security
- ▶ Advanced Security Services



Managed Services

- ▶ Managed Print
- ▶ DR & BCP
- ▶ IT Support
- ▶ Managed IT
- ▶ Managed Wi-Fi
- ▶ Professional Service



Cloud Solutions

- ▶ Hybrid Cloud
- ▶ Private Cloud
- ▶ Public Cloud
- ▶ LiveOffice
- ▶ LiveOffice Desktop
- ▶ LiveOffice Exchange

Focus on cross-sell

Cross-Sell Spirit
product range



Larger deal
sizes &
contract
length



Stickier
customers



Significant upside to
increase to unique
services per customer



Internet Connections



Communications



Cyber Security



Managed Services






Cloud Solutions



Bank

Delivering full stack technology solutions:

-  Security Incident & Event Management (SIEM)
-  Security Threat Detection
-  Cloud

Monthly Recurring Revenue ~ **\$41K**

Total Contract Value ~ **\$1.5M**



Additional Cross sell opportunity: Voice, Data & MSP







Spirit Hybrid workspaces – cross sell



Private School

Delivering full stack technology solutions:

-  Cloud Infrastructure
-  Managed Services
-  Software licenses
-  Multi-Factor-Authentication

Monthly Recurring Revenue ~ **\$6K**

Total Contract Value ~ **\$782K**






Additional Cross sell opportunity: Voice, Data & Cyber





University

Delivering full stack technology solutions:

-  Managed SOC/Cyber
-  Professional Services
-  Vulnerability Scanning

Monthly Recurring Revenue ~ **\$13k**

Total Contract Value ~ **\$700K**





Additional cross sell opportunity: Voice, Data & MSP




Spirit Hybrid Workspaces – cross sell Mining Company



Delivering full stack technology solutions

-  Wi-Fi Hardware
-  Internet & Networks

Total Contract Value ~ **\$2.1M**

 **Additional cross sell opportunity: Voice, Data, MSP
& Cyber**



FY21 Highlights

Underlying²
EBITDA \$11.5M
209% ↑

Underlying Earnings Before Interest,
Taxes, Depreciation and Amortization

Balance Sheet \$22.3M
Strength ↑

On **24 November 2021**, Spirit had cash of
\$15.3M and \$7.0M available in its CBA debt
facility (\$22.3M in available capital to access).

Underlying³
NPBT \$4.5M
1010% ↑

Underlying Net Profit Before Tax (NPBT)

Revenue¹ \$104.5M
200% ↑

Year on Year revenue

**Annual
Recurring Revenue**
\$65M

FY21 exit Run Rate Annual Recurring Revenue

FY21 exit Run Rate Annual Recurring Revenue

**Statutory
NPBT** \$1.34M
166% ↑

Statutory Net Profit Before Tax

Statutory Net Profit Before Tax

1. Revenue refers to sales revenue and other income

2. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax. Underlying EBITDA adjusts the Statutory financial metrics to exclude business acquisition & integration costs, net fair value loss on remeasurement of contingent consideration on business combinations, business restructuring costs and share-based payments.

3. Underlying Net Profit Before Tax takes into account the Underlying EBITDA adjustments and also adjusts depreciation & amortisation to exclude the impact of amortisation of customer relationships.

FY21 Highlights



Evolved to Spirit Technology Solutions
(From Spirit Telecom)

Do **IT** with Spirit

New purpose and brand launched
“Do **IT** with Spirit” activated in April 2021

Spirited 

Launched Spirited Women May 2021

 **nexgen**[®]

Transformational acquisition of
Nexgen in April 2021

Google Rating

4.3 

Google business 4.3 star rating

Customers

10.5K 

B2B customers nationally

Team

445 

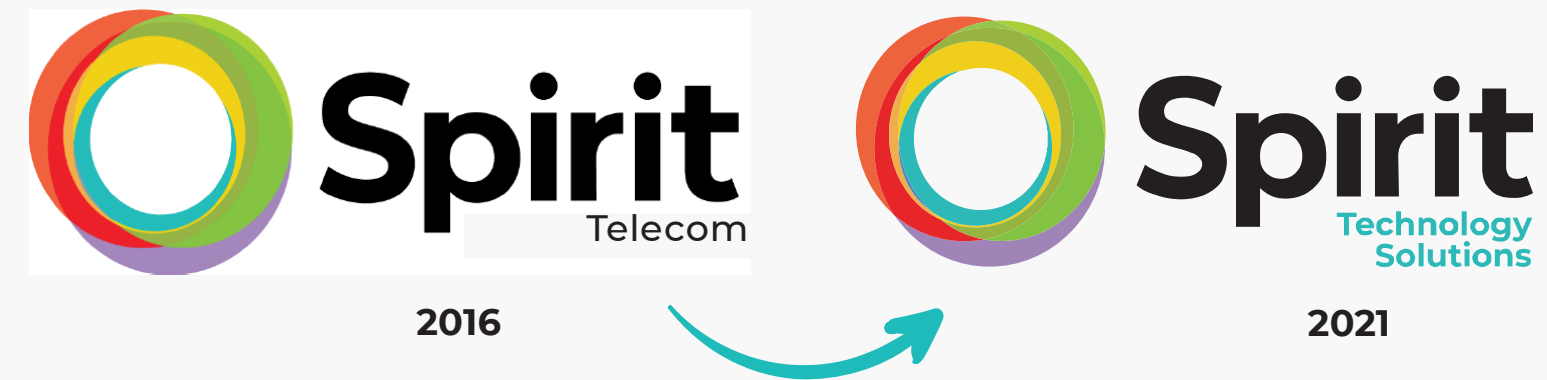
Team Engagement score 73%
445 staff currently employed.
250% increase from FY20

Integration

10 Acquired integrations

3 remaining acquisitions to be integrated

Spirit
Brand Evolution



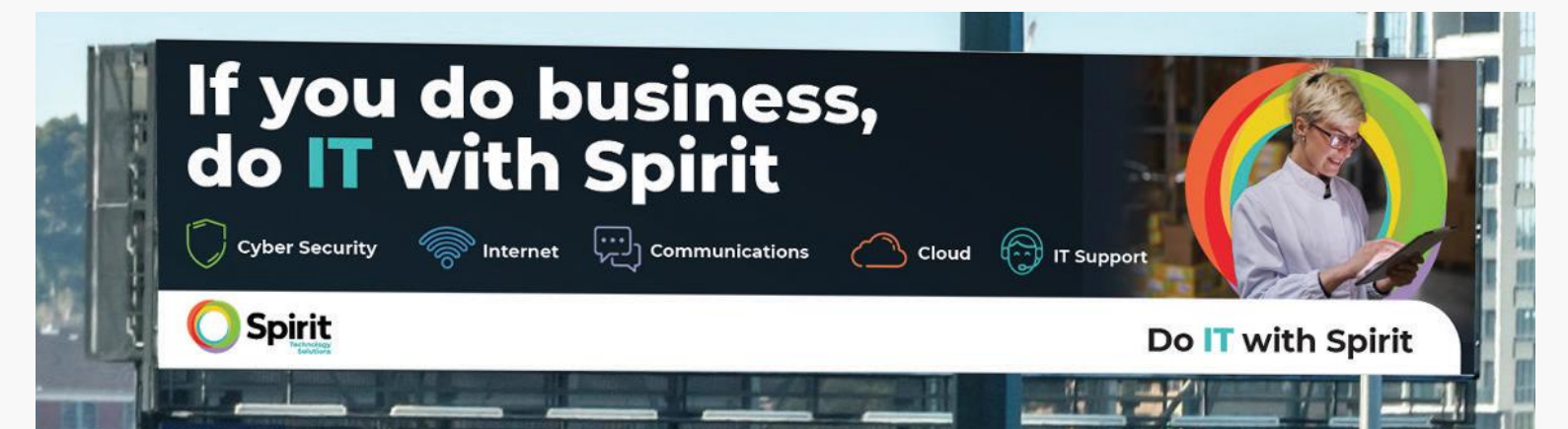
Melbourne
Monash Freeway



Sydney
International Airport



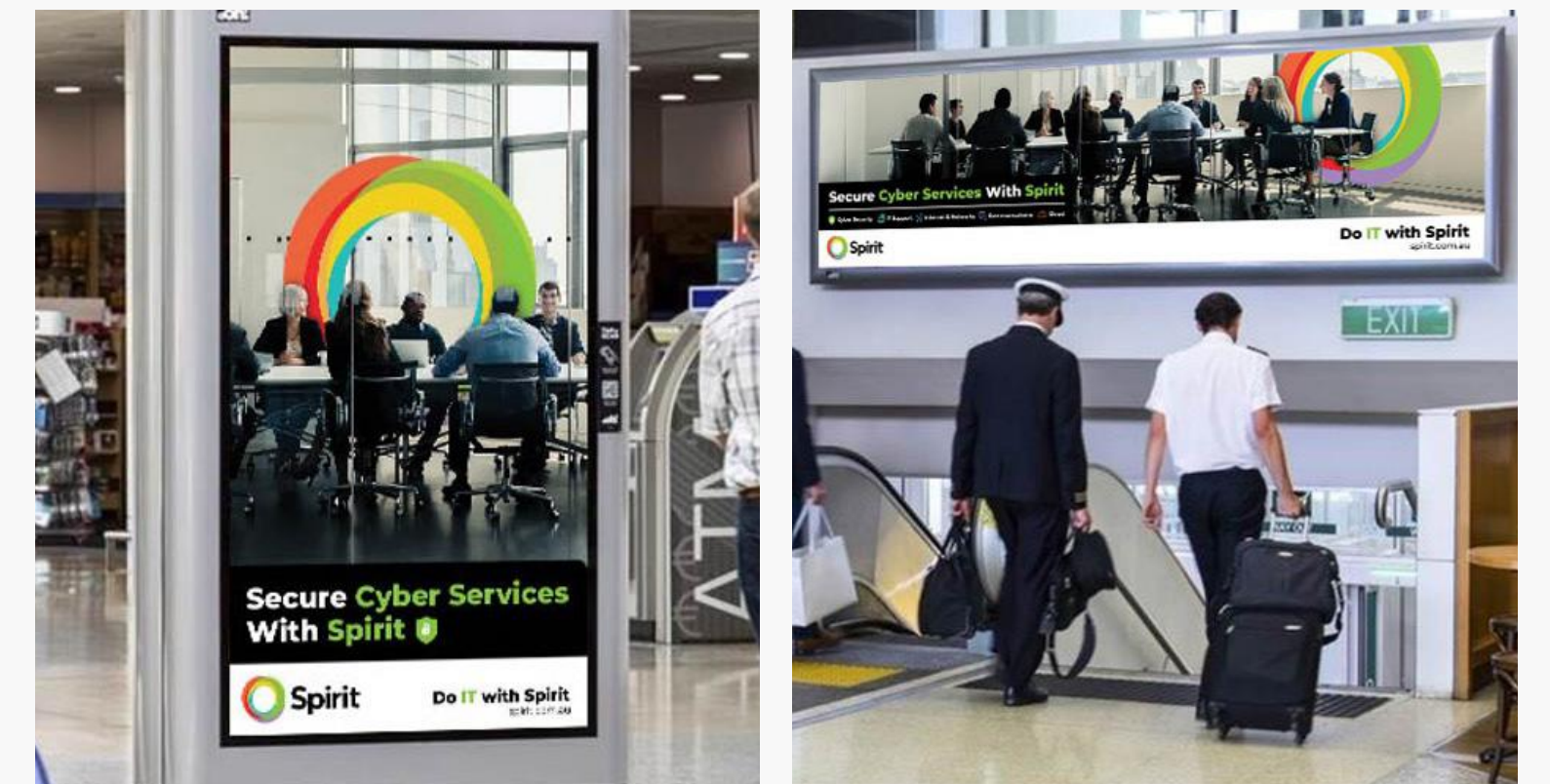
Melbourne
Westgate Freeway



Sydney
George St



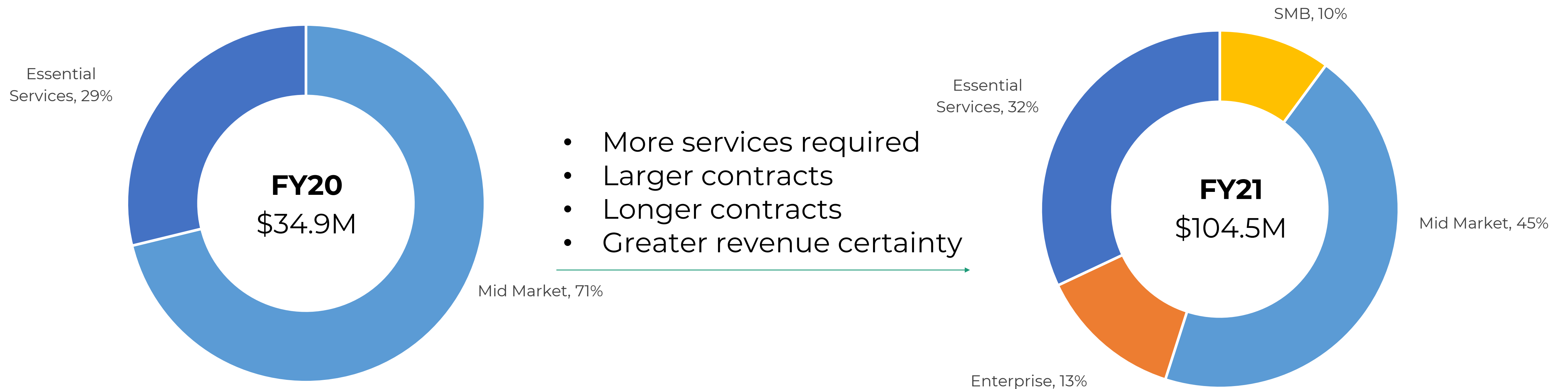
Melbourne
International Airport



2021, the birth of

A national Brand: Spirit Technology Solutions

Building higher margin, recurring revenue



Spirit market definition guide:
SMB: business with 5-50 employees
Mid market: 100+ employees
Enterprise: 1000+ employees and multinationals
Essential Services: Schools, Hospitals and Aged Care

Close & Thanks

Looking to this financial year and beyond, we expect to see continued consolidation in the fragmented IT & Telco markets, as structural change takes hold. Australian businesses are becoming more dependent on the services that only an integrated IT & Telco business like Spirit can provide.

I would like to thank my fellow Board members and the entire Spirit team for their hard work, motivation and commitment to our evolution to a fully integrated technology provider for businesses across Australia.

To our shareholders, thank you for your support of the company – we look forward to sharing the next phase of our growth with you.

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If you do business, do IT with Spirit