

18 May 2023

Market Update – Spirit’s Go-To-Market Refreshed

Highlights:

- The new market solutions have delivered \$7.6M in new sold opportunities with a pipeline of \$8M of future opportunities progressing.
- Spirit’s new go-to-market focuses on high growth areas of Secure, Sustainable and Scalable market offers.
- Refined focus gives Spirit a platform for growth going into FY24 and builds on the business restructure undertaken in FY23.
- New Security Operations Centre (SOC) goes live 1st June 2023: built to ASIO “Secret” standard and currently protecting \$11b of revenue from some of Australia’s leading organisations, this is a key distinguishing factor as a Managed Services Provider.
- Communication and Collaboration continues to exceed expectations, with contracted revenue growing to \$47 million as of May 2023

Spirit Technology Solutions (“Spirit” ASX:ST1), a leading provider of secure digital transformation and modern work environments, advises that the Group launched a new strategic focus in May 2023 to focus the Group’s service offerings via three key high growth areas:

Secure. Sustainable. Scalable.

Secure by design puts information/cyber security at the core of all Spirit’s new market offers. The Spirit Group delivers end-to-end security capability via Secure Managed Services, Security Consulting and partnering with leading security product vendors to secure our customers business and cloud services. It is supported by our team to ensure all new customers have cyber security embedded into their businesses. Our goal is to provide the best level of protection for our customers in a challenging and complex threat environment.

Sustainable by design is a new market offer that enables our customers to build and deliver a sustainability program supporting their achievement of carbon reduction targets. Working closely with our partners Microsoft and CISCO, we have launched a program that enables customers to identify their current emission levels, adopt new technology powered by AI analytics and IoT sensors to reduce emissions, and reporting that enables the measurement and audit of these results. We expect to see growing uptake of this offering over coming years.

Scalable by design extends Spirit’s market offerings in modern workplace and advanced communication platforms to enable our customers to deploy leading technologies that underpin their digital transformation activities.

Targeting the Group’s 7,000+ customers, this will enable us to offer highly relevant solutions that enable organisations to scale up or down and optimise their goals around staff and customer experience as they navigate changes in the economic environment.

Bringing these three market offerings together gives the Group a platform for growth going into FY24 and builds on the work that has been completed through the business restructure undertaken in FY23.

Cyber security

Our new Security Operations Centre goes live on 1st June 2023. The facility, which is built to ASIO “Secret” standards, manages a growing number of leading Australian organisations. The SOC team currently enables our customers to protect \$11 billion in revenue.

The new facility is a key differentiator against generic SOC capabilities provided by Australian managed service providers

The new facility will support our SOC services and enable the cyber team to scale and underpins the sale of security services into the Managed Services customer base, with initial cross sell opportunities going live in June 2023.

Managed Services

All key customers have signed contracts to move off our historic proprietary platforms to our new scalable Microsoft Modern Workplace (MWP) solutions, and the transition will be completed in June. This signals the successful completion of the restructure program and enables the business to refocus on customer growth and profitability for FY24.

The new Modern Workplace solutions which improve customer experience, reduce capital costs of sustaining legacy platforms and improve Spirit's margins underpin our growth in FY24.

The restructuring program has achieved:

- Sale of non-core assets reducing debt and ongoing liabilities by \$18 million;
- Reduction of labour costs by an annualised \$12 million;
- Transition of all key customers of legacy products onto modern scalable solutions; and
- Consolidation of multiple offices into six primary offices.

Communication and Collaboration

The Communication and Collaboration team has continued to exceed our expectations and has delivered outstanding results for the Group.

The amount of contracted revenue has grown to \$47 million. This is committed revenue which will be delivered over the next 30 months.

This provides the Group with a solid foundation to sustain high levels of organic growth, with the prospect to accelerate this with future inorganic growth opportunities.

As CISCO's #1 partner in the Asia Pacific region for their communication platform, the team continues to grow and support thousands of Australian organisations with the best in video and calling experiences.

The new offers provide a scalable and secure platform to support an organisation's transition to Work from Home / Work from Anywhere that is being adopted by many of Australia's leading companies.

It is expected that more than 80% of meetings with more than three people in FY24 will have at least one person not working in the office. The Group sees significant growth for this team that will ensure continued success in FY24. We look forward to providing additional updates to the strategy and financial performance in the coming months.

This announcement is authorised for release to the market by the Board of Directors of Spirit Technology Solutions Ltd.

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About Spirit Technology Solutions:

Spirit Technology Solutions is an ASX listed provider to Australian businesses of innovative IT&T managed services, cyber security and collaboration and communications platforms.

We are building the modern secure digital workplace for Australian businesses. Our mission is to “Make our customers secure, sustainable and scalable, while living our team values”

‘Secure by design’ is in our mantra and our world class cyber security solutions help Australian businesses take a different, data-centric and strategic approach to effective security.

Our collaboration and communications business was awarded by Cisco as Webex partner of the year for 2022 in the Asia-Pacific region, recognizing our world class team and focus on delivering amazing experiences to SMB customers.