27 February 2024

Notice of Extraordinary General Meeting of Shareholders, 28 March 2024

Dear Shareholder

Notice is hereby given that the Extraordinary General Meeting of shareholders of Spirit Technology Solutions Ltd ("**Company**") will be held at the offices of PKF, Level 8, 1 O'Connell Street, Sydney NSW 2000 at 11:00am (Sydney time) on Thursday, 28 March 2024 ("**EGM**").

Shareholders should be aware that the Meeting **WILL NOT** be broadcast via an online platform. As such, any Shareholders wishing to attend the Meeting must do so in person (having regard to the requirements below).

Recent legislative changes to the *Corporations Act 2001* (Cth) mean there are new options available to shareholders as to how the communication from the Company can be received. The Company will not be dispatching physical copies of meeting documents and notices, including the Notice of Meeting for the GM, unless you request a physical copy to be posted to you.

The Notice of Meeting (including Proxy Form), accompanying Explanatory Statement and Independent Expert Report ("**Meeting Materials**") are being made available to shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company's website https://spirit.com.au/investor-hub or at the Company's share registry's website https://investor.automic.com.au/#/loginsah .
- A complete copy of the Meeting Materials has been released to the Company's ASX Market announcements page at www.asx.com.au under the Company's ASX code "ST1".
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the voting instruction form.

Shareholders can still elect to receive some or all of their communications in physical or electronic form, or elect not to receive certain documents such as annual reports. To review your communications preferences, or sign up to receive your shareholder communications via email, please update your details at https://investor.automic.com.au. If you have not yet registered, you will need your shareholder information including SRN/HIN details.

Voting by Shareholders and proxyholders ahead of the EGM is encouraged. Shareholders and proxyholders (as relevant) can lodge the Proxy Form in accordance with the instructions set out on that form.

Shareholders who are unable to attend the EGM and are voting by proxy must lodge proxy instructions by no later than 11.00am (Sydney time) on 26 March 2024, being 48 hours before the EGM. A copy of your personalised proxy form is enclosed for your convenience.

Shareholders are encouraged to submit questions in writing in advance of the EGM by emailing the Company Secretary at melanie.leydin@vistra.com by no later than 11.00am (Sydney time) on 26 March 2024.

If you are unable to access the Meeting Materials online please contact our share registry Automic at meetings@automicgroup.com.au or by phone on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 9:00am and 5:00pm (Sydney time) Monday to Friday, to obtain a copy.

The Directors strongly encourage all shareholders to lodge a directed proxy form prior to the EGM.

Yours sincerely,

Melanie Leydin
Company Secretary
Spirit Technology Solutions Ltd

SPIRIT TECHNOLOGY SOLUTIONS LTD
ACN 089 224 402

Notice of Extraordinary General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
Thursday, 28 March 2024

Time of Meeting:
11:00AM (Sydney time)

Place of Meeting:
PKF
Level 8, 1 O'Connell Street, Sydney
NSW 2000

*This Notice of Extraordinary General Meeting (**Notice**) and Explanatory Statement should be read in its entirety.*
If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

SPIRIT TECHNOLOGY SOLUTIONS LTD

ACN 089 224 402

Registered Office: Level 4, 96-100 Albert Road, South Melbourne VIC 3205

Notice is hereby given that the Extraordinary General Meeting of Members of Spirit Technology Solutions Ltd (Spirit or the Company) will be held at the offices of PKF, Level 8, 1 O'Connell Street, Sydney NSW 2000 at 11:00am (Sydney time) on Thursday, 28 March 2024 (Extraordinary General Meeting, EGM or Meeting).

The Company will not be dispatching physical copies of meeting documents and notices, including the Notice for the EGM, unless you request for a physical copy to be posted to you.

This Notice (including the Proxy Form), Independent Expert's Report and accompanying Explanatory Statement (**Meeting Materials**) are being made available to shareholders electronically. This means that:

- You can access the Meeting Materials online at the Company's website https://spirit.com.au/investor-hub or at the Company's share registry's website https://investor.automic.com.au/#/loginsah.
- A complete copy of the Meeting Materials has been released to the Company's ASX Market announcements page at www.asx.com.au under the Company's ASX code "ST1".
- If you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Meeting Materials and the voting instruction form.

Shareholders can still elect to receive some or all of their communications in physical or electronic form, or elect not to receive certain documents such as annual reports. To review your communications preferences, or sign up to receive your shareholder communications via email, please update your details at https://investor.automic.com.au. If you have not yet registered, you will need your shareholder information including SRN/HIN details.

Shareholders are encouraged to submit their proxies as early as possible, and in any event, prior to the cut-off date for proxy voting, being **11:00am (Sydney time) on Tuesday, 26 March 2024**. To lodge your proxy, please follow the directions on your personalised Proxy Form.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary of the Explanatory Statement.

The Company is happy to accept and answer questions submitted prior to the Meeting by email to melanie.leydin@vistra.com. The Company will address relevant questions during the Meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions).

SPIRIT TECHNOLOGY SOLUTIONS LTD

ACN 089 224 402

Registered office: Level 4, 96-100 Albert Road, South Melbourne Victoria 3205

AGENDA

The Explanatory Statement, Independent Expert's Report and Proxy Form which accompany and form part of this Notice, include defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement, the Independent Expert Report and the Proxy Form in their entirety.

ORDINARY BUSINESS

Resolution 1: Approval of the Proposed Issue of Shares in Respect of the Acquisition of InfoSurety Holdings Pty Ltd

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"*That, subject to and conditional on the passing of Resolution 2, for the purposes of Listing Rule 7.1, approval is given for the Company to approve the issue of 304,347,826 Shares being:*

(a) 152, 173, 913 Shares to Simon McKay and Katharine Morris as trustees for the McKay Family Trust; and

(b) *152, 173, 913 Shares to Dane Meah and Emily Meah as trustees for the Meah Family Trust,*

at an issue price of $0.046 per Share in part consideration of the payment of the purchase price for the acquisition of InfoSurety Holdings Pty Ltd (ACN 673 007 915), on the terms and conditions set out in this Explanatory Statement."

Resolution 2: Acquisition of a relevant interest in Placement Shares by 263 Finance Pty Limited

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"*That, subject to and conditional on the passing of Resolution 1, for the purposes of section 611 (Item 7) of the Corporations Act, Shareholders approve the issue and allotment of 320,000,000 fully paid ordinary shares in the Company (**Placement Shares**) in accordance with the terms and conditions set out in the Explanatory Statement, to 263 Finance Pty Ltd (**263 Finance**), as a result of which, the relevant interest and Voting Power in the Company of 263 Finance and its Associates, shall increase to a maximum of 34.06%."*

By order of the Board

Melanie Leydin
Company Secretary

27 February 2024

Notes

1. **Entire Notice:** The details of the resolution contained in the Explanatory Notes accompanying this Notice should be read together with, and form part of, this Notice.

2. **Record Date:** The Company has determined that for the purposes of the Extraordinary General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (Sydney time) on the date 48 hours before the date of the Extraordinary General Meeting. Only those persons will be entitled to vote at the Extraordinary General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Extraordinary General Meeting.

3. **Proxies**

   a. Votes at the Extraordinary General Meeting may be given personally or by proxy, attorney or representative.

   b. Each shareholder has a right to appoint one or two proxies.

   c. A proxy need not be a shareholder of the Company.

   d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.

   e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise. The sum of the votes to be cast by the proxies must not exceed your voting entitlement or 100%.

   f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.

   g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the corporation's constitution and the Corporations Act.

   h. To be effective, Proxy Forms must be received by the Company's share registry (Automic) no later than 48 hours before the commencement of the Extraordinary General Meeting, this is no later than 11:00am (Sydney time) on Tuesday, 26 March 2024. Any proxy received after that time will not be valid for the scheduled meeting.

4. **Corporate Representative**

   Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

5. **How the Chair will vote Undirected Proxies**

   Subject to the restrictions set out in Note 6 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions.

6. **Voting Exclusion Statement:**

   Resolution 1

   The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

   - Simon McKay and Katharine Morris as trustees for the McKay Family Trust or their Associates; or
   - Dane Meah and Emily Meah as trustees for the Meah Family Trust or their Associates; and
   - any other person who will obtain a material benefit as a result of the issue of the shares, except a benefit solely by reason of being a holder of ordinary securities in the Company.

   However, this does not apply to a vote cast in favour of Resolution 1 by:

   - a Person as proxy or attorney for a Person who is entitled to vote on Resolution 1, in accordance with directions given to the proxy or attorney to vote on Resolution 1 in that way; or
   - the Chair of the meeting as proxy or attorney for a Person who is entitled to vote on Resolution 1, in accordance with a direction given to the Chair to vote on Resolution 1 as the Chair decides; or
   - a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
     - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a Person excluded from voting, on Resolution 1; and
     - the holder votes on Resolution 1 in accordance with directions given by the beneficiary to the holder to vote in that way.

   Resolution 2

   In accordance with the notice requirements of Item 7 of section 611 of the Corporations Act, the Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- 263 Finance; or
- Mr Shan Kanji; and
- an Associate of that Person or those Persons.

7. Enquiries

Shareholders are invited to contact the Company Secretary on +61 3 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Purpose of Information

This Explanatory Statement (**Explanatory Statement**) and the Independent Expert's Report accompany and form part of the Company's Notice of Extraordinary General Meeting (**Notice**) for the Extraordinary General Meeting (**Meeting**) to be held at the offices of PKF, Level 8, 1 O'Connell Street, Sydney NSW 2000 at 11:00am (Sydney time) on Thursday, 28 March 2024.

The Notice incorporates, and should be read together, with this Explanatory Statement.

This Explanatory Statement does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting, you should consult your financial or other professional adviser.

Resolutions 1 and 2 are inter-conditional on both being approved. If either Resolution 1 or 2 are not passed, then both Resolution 1 and 2 will be taken to have been rejected by Shareholders.

Background of the Acquisition

As announced to the ASX on 7 February 2024, the Company and its subsidiary, Spirit Cyber Security Pty Ltd (ACN 673 345 910) (**Spirit Cyber Security**) has entered into a binding agreement with the Simon McKay and Katharine Morris as trustees for the McKay Family Trust and Dane Meah and Emily Meah as trustees for the Meah Family Trust (together, the **Sellers**) to acquire all the share capital in InfoSurety Holdings Pty Ltd (ACN 673 007 915) (**InfoSurety Holdings**), the entity that owns InfoSurety Pty Ltd (ACN 169 030 568) which operates the Infotrust business (**InfoTrust**).

InfoTrust is a leading cyber security services company which provides a range of cyber security services via strategy, solution design, project management, implementation, change management, training and premium support via its CISO Services Retainer, which allows companies to leverage the support of an entire cyber security team.

The Company is pursuing the Acquisition:

- given the material synergies with the Company's current business;
- to have the opportunity to accelerate the growth of the Company's existing presence in key cities of Sydney and Melbourne; and
- to complement the Company's well-established presence in Brisbane.

With InfoTrust's complementary business and strong technology capability, the Acquisition provides the Company with the opportunity to significantly increase its cyber division margins by implementing InfoTrust's delivery approach, sales execution and pipeline build and aligns with the Company's strategy of providing solutions that improve organisations' resilience to cyber-attacks, addressing an evolving cyber threat environment.

The total Acquisition consideration is $34.6 million, comprising of:

(a) $14 million of upfront cash consideration on Completion under the SPA (**Cash Consideration**);

(b) $14 million worth in Shares at a price of 4.6 cents per Share, totalling 304.3 million shares; and

(c) $6.6 million in deferred consideration to be paid in cash in equal instalments at the sixth-month, one-year and eighteen-month anniversary of the Completion date of the Acquisition (**Deferred Consideration**).

The Company intends to primarily fund the Cash Consideration through a $16.0 million private placement to 263 Finance Pty Ltd (ACN 626 872 115) (**263 Finance**) of fully paid ordinary shares in the Company at an issue price of 5.0 cents per share (approval of which is sought pursuant to Resolution 2) (**Placement**).

Completion of the Acquisition is expected to occur by the end of April 2024, subject to satisfaction of various conditions precedent (including the passing of Resolution 1).

On Completion, and subject to the Company receiving a duly executed voluntary share escrow deed from each Seller, the Company will issue and allot an aggregate of 304,347,826 million Shares to the Sellers as part of the Acquisition consideration on the following basis:

(a) 152, 173, 913 Shares to Simon McKay and Katharine Morris as trustees for the McKay Family Trust (**McKay Share Consideration**); and

(b) 152, 173, 913 Shares to Dane Meah and Emily Meah as trustees for the Meah Family Trust (**Meah Share Consideration**),

(McKay and Meah Share Consideration together, the **Share Consideration**).

The Company engaged the services of Unified Capital Partners Pty Ltd (**UCP**) as lead manager for the Placement. The Company agreed to pay the fee of $560,000 to UCP in management selling fees with respect to the Placement.

Resolution 1: Approval of the Proposed Issue of Shares in Respect of the Acquisition

1. Background

As noted in the 'Background of the Acquisition' section of this Notice of Meeting, the Company announced to the ASX on 7 February 2024, that the Company and its subsidiary, Spirit Cyber Security had entered into a binding agreement with the Sellers to acquire all the share capital in InfoSurety Holdings, the entity that owns InfoTrust.

The total Acquisition consideration is $34.6 million, comprising of the Cash Consideration, the Share Consideration and the Deferred Consideration.

At Completion, the Company will issue and allot the Share Consideration which totals an aggregate of 304,347,826 Shares.

Under the terms of the voluntary share escrow deeds, during the escrow period (12 months from Completion) each Seller must not:

(a) dispose of, or agree or offer to dispose of, all or any part of the Share Consideration; or

(b) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of all or any part of the Share Consideration.

In accordance with the voluntary share escrow deeds, the Share Consideration will have a holding lock applied.

However the escrow deeds allow the release of:

(a) 5% of the Share Consideration at each of the three, six and nine-month anniversary following Completion; and

(b) the remaining 85% of the Share Consideration at the twelve-month anniversary of Completion,

2. Listing Rules 7.1 and 7.1A

Broadly speaking, and subject to a number of exceptions in Listing Rule 7.2, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over a twelve (12) month period to fifteen percent (15%) of the fully paid ordinary shares it had on issue at the start of that period (**Placement Capacity**).

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities comprising up to ten percent (10%) of issued capital (**Additional Placement Capacity**). The Company obtained approval for its Additional Placement Capacity at its annual general meeting on 24 November 2023.

3. *Approval of the issue of the Share Consideration*

The Company is unable to rely on its Additional Placement Capacity when issuing the Share Consideration because the issue of the securities can only be issued under the Additional Placement Capacity for a cash amount which is not less than the prescribed minimum issue price. The Share Consideration is not being issued for a cash amount and does not fall within any exceptions in Listing Rule 7.2. Therefore, the Company must rely on its Placement Capacity when issuing the Share Consideration.

As at the date of this Notice, the issue of the Share Consideration would cause the Company to exceed its Placement Capacity under Listing Rule 7.1 and does not fit within any of the exceptions set out in Listing Rule 7.2. The Company is therefore required to obtain Shareholder approval prior to the issue of the Share Consideration .

4. Effect of passing or rejecting Resolution 1

If Resolution 1 is passed, the Company can proceed with the Acquisition. In addition, the issue of the Share Consideration will be excluded from calculating the Company's Placement Capacity under Listing Rule 7.1, maintaining the number of equity securities it can issue without shareholder approval over the 12-month period following the issue date of the Share Consideration. This will allow the Company ongoing flexibility in its ability to issue equity for future acquisitions or capital raising purposes.

If Resolution 1 is not passed, the Share Consideration will not be able to be issued as the Placement Capacity would be exceeded. As a result, the Company will not be able to proceed with the Acquisition and the benefits of the Acquisition will be lost to the Company unless it can renegotiate terms with the Sellers.

5. Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 1:

Name of the persons to whom the entity will issue the securities or the basis on which those persons were determined	The Share Consideration will be issued on the following basis: (a) 152, 173, 913 Shares to Simon McKay and Katharine Morris as trustees for the McKay Family Trust (**McKay Share Consideration**); and (b) 152, 173, 913 Shares to Dane Meah and Emily Meah as trustees for the Meah Family Trust (**Meah Share Consideration**),
Maximum number and class of securities to be issued	A maximum total of 304,347,826 Shares will be issued under the Share Consideration.
Terms of the securities	The Share Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with existing Shares on issue, however, the Share Consideration Shares will have a

	holding lock applied for the Escrow Period, subject to certain exceptions as set out in the voluntary share escrow deed and described above.
Date by which the entity will issue the securities	The Share Consideration Shares will be issued, on Completion and in any event no later than 3 months after the date of this Meeting.
Issue price of the securities	The Share Consideration Shares are to be issued at a deemed issue price of 4.6 cents per Share as part of the Acquisition. The Company will not receive any cash for the issue of the Share Consideration Shares.
Purpose of the issue and intended use of the funds raised	The purpose of the issue of the Share Consideration Shares is to satisfy the Share Consideration due to the Sellers in respect of the Acquisition. No funds will be raised by Spirit from this issue.
If the securities are to be issued under an agreement, a summary of the material terms of the agreement	Refer to Schedule 1 of this Explanatory Statement for a summary of the material terms of the agreement.
If the securities are to be issued under, or to fund, a reverse takeover, information about the reverse takeover	The Share Consideration Shares are not being issued under, or to fund, a reverse takeover.

Directors Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution 1.

Voting Exclusions

See Note 6 in the Notice for voting exclusions on this Resolution 1.

Resolution 2: Acquisition of a relevant interest in Placement Shares by 263 Finance Pty Limited

1. *Background*

The Company is seeking Shareholder approval in accordance with section 611 (Item 7) of the Corporations Act to the acquisition of relevant interests in to be issued voting shares in the Company by 263 Finance arising from the issue and allotment of the Placement Shares to 263 Finance as set out this Notice of Meeting.

263 Finance is an entity related to one of the Company's Non-Executive Directors, Mr Shan Kanji. Mr Shan Kanji has held directorships in leading advisory, IT and managed services provide Attura Ltd and its predecessor organisations and has over 20 years' experience as a senior business leader. As detailed in section 3 of this Resolution 2, 263 Finance is an Associate of Mr Shan Kanji under section 608(1) of the Corporations Act.

The Company and 263 Finance have entered into the Private Placement Funding Letter, to confirm 263 Finance's commitment to subscribe (or procure that its Related Bodies Corporate subscribe) for the Placement Shares and the Company's commitment to issue the Placement Shares for an aggregate subscription price of $16m and at an issue price of 5.0 cents per share. 263 Finance's commitment under the Private Placement Funding Letter is conditional on certain events not occurring (without 263 Finance's consent) which are usually included for agreements of this nature and are summarised in Schedule 2 of this Notice.

The issuance of the Placement Shares is subject to, and conditional upon, among other conditions, the Shareholders approving the issuance of the Placement Shares under this Resolution 2.

2. *Approval under the Corporations Act*

2.1. Section 606 prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%.

A person's voting power in a company is determined in accordance with section 610 of the Corporations Act. A person's voting power is calculated by determining the percentage of the total number of votes attached to all voting shares in the company that a person and its Associates have a relevant interest in.

A person has a relevant interest in securities if they:

(a) are the holder of the securities; or

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities,

(**Voting Power**).

It does not matter how remote the relevant interest is how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

2.2. *Exception to the section 606 prohibition*

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under sections 606(1) of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting shares with shareholder approval at a general meeting of the company.

In order for the exemption of Item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person making the acquisition or their Associates, or known to the company, that is material to the decision on how to vote in the resolution, including:

(a) the identity of the person proposing to make the acquisition and their Associates;

(b) the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;

(c) the voting power that person would have as a result of the acquisition;

(d) the maximum extent of the increase in the voting power of each of that person's Associates that would result from the acquisition; and

(e) the voting power that each of that person's Associates would have as a result of the acquisition.

In addition to the material disclosure requirements noted above, no votes can be cast in favour of the resolution by:

(a) the person proposing to make the acquisition and their Associates; or

(b) the persons (if any) from whom the acquisition is to be made and their Associates.

2.3. *Why Shareholder approval is required*

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

(a) a body corporate in which the person's voting power is above 20%; and

(b) a body corporate that the person controls.

The Corporations Act defines "control" broadly. Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.

It is proposed that the Company issue the Placement Shares to 263 Finance. As at the date of this Notice, 263 Finance holds in aggregate 145,437,935 Shares in the Company, representing 19.59% of the total Shares on issue.

Subject to Resolution 1 being approved by the Shareholders, following the issue of the Placement Shares to 263 Finance, 263 Finance will hold in aggregate 465,437,935 Shares in the Company.

As a result, there will be 1,062,271,370 Shares on issue at which point 263 Finance's shareholdings will have increased to 43.82% of the total Shares on issue in the Company at that time.

Please refer to section 8 of this Resolution 2 for further details on the number of Shares, the percentage of Shares and the voting power of 263 Finance and the other Shareholders of the Company following Completion of the Placement and then after issue of the Consideration Shares and.

In this process, the issue of the Placement Shares to 263 Finance will result in 263 Finance acquiring relevant interest in the Placement Shares which results in 263 Finance voting power in the Company increasing from 19.59% to a maximum of 43.82%, which increases voting power from 20% or below to a percentage that is more than 20%. These acquisitions of relevant interests in the Company's issued voting shares by 263 Finance is prohibited under section 606 of the Corporations Act. However, such acquisitions of relevant interests will be permitted if prior Shareholder approval is granted for these acquisitions in relevant interests which result from the issue of the Placement Shares to 263 Finance in accordance with the terms of this Resolution.

3. *Information for Shareholders under Item 7 of section 611 of the Corporations Act*

The following information is provided to Shareholders for the purposes of the requirements under the Corporations Act in respect of obtaining Shareholder approval pursuant to Item 7 of section 611 of the Corporations Act:

<table>
<tr><td>The identity of the person proposing to make the acquisition and their associates</td><td>263 Finance will be issued the Placement Shares.

None of 263 Finance's Associates will be issued any Placement Shares.</td></tr>
<tr><td>The voting power that person, and its associates, would have as a result of the acquisition and the maximum extent of the increase in that person's, and its associates', voting power in the company that would result from the acquisition</td><td>Mr Shan Kanji controls 263 Finance. Therefore, Mr Kanji is deemed to hold the same relevant interests that 263 Finance has in any Shares as a result of section 608(1) of the Corporations Act and will acquire a relevant interest in the Placement Shares issued to 263 Finance.

Mr Shan Kanji is considered to be an associate of 263 Finance and vice versa and as a result each of Mr Shan Kanji and 263 Finance hold the same voting power in the Company.

As at the date of this Notice and following Completion of the issue of Shares under the Placement, Mr Shan Kanji and 263 Finance have the following relevant interests and voting power in Shares:

<table>
<tr><td>263 Finance persons</td><td>Relevant interest in Shares at the date of this Notice(1)</td><td>Relevant interest in Shares on Completion of the Placement(1)</td><td>Voting power at date of this Notice (1)</td><td>Voting power on Completion of the Placement(1)</td></tr>
<tr><td>263 Finance</td><td>145,437,935 (19.59%)</td><td>465,437,935 (43.82%)</td><td>145,437,935 (19.59%)</td><td>465,437,935 (43.82%)</td></tr>
<tr><td>Shan Kanji</td><td>145,437,935 (19.59%)</td><td>465,437,935 (43.82%)</td><td>145,437,935 (19.59%)</td><td>465,437,935 (43.82%)</td></tr>
</table>

Note:

(1) The following assumptions have been made in calculating the above:

(a) the Company has 742,271,370 Shares on issue as at the date of this Notice;

(b) the Company does not issue any additional Shares;

(c) no other Existing Convertible Securities are exercised;

(d) 263 Finance does not acquire any additional Shares; and

(e) includes any beneficially held Shares by Blackanco Nominees Pty Ltd (ACN 008 751 755) as nominee for 263 Finance.

As at the date this Notice, Mr Shan Kanji and 263 Finance's voting power in the Company is approximately 19.59%. Following the issue of the Placement Shares and the Consideration Shares as described in this Explanatory Statement, each of Mr Shan Kanji and 263 Finance's ultimate voting power will increase to a maximum of approximately 43.82%, which will then be diluted to a maximum of approximately</td></tr>
</table>

	34.06%. Further details on voting power in the Company of Mr Shan Kanji and 263 Finance' is included in section 8 of this Resolution. No Associates of 263 Finance will be issued any Placement Shares. Mr Shan Kanji and 263 Finance are not associated with any other shareholder of the Company. Accordingly, the maximum voting power of each Mr Shan Kanji and 263 Finance's together with their Associates as a result of the Placement will be a maximum of 43.82%, to be reduced to a maximum of approximately 34.06% following the issue of the Consideration Shares.

4. *Information for Shareholders required by ASIC Regulatory Guide 74*

Further information required by AISC Regulatory Guide 74 (**RG 74**) is set out below:

An explanation of the reasons for the proposed acquisition of Shares in the Company	As set out in the Background of the Acquisition section of this Explanatory Statement, 263 Finance has agreed to subscribe for the Placement Shares (being 320,00,000 Shares), the proceeds of which will be used to provide the funding of the Cash Consideration payable for the Acquisition. This is a reflection of 263 Finance's recent investment in the Company and its support of the Company's board, management and growth strategy.
When the proposed acquisition is to occur	If Resolution 2 is passed, the Placement Shares will be issued to 263 Finance prior to Completion (and in any event will be issued no later than one (1) month after the date of the Extraordinary General Meeting).
The material terms of the proposed acquisition	263 Finance has agreed to the subscription of the Placement Shares in consideration for $16m (being. 0.5 cents per Placement Share) in accordance with the terms of the Private Placement Funding Letter. The Placement Shares will rank equally with all the other Shares on issue. Refer to Schedule 2 of this Explanatory Statement for a summary of the material terms of the Private Placement Funding Letter.
Details of any other relevant agreement that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition	There is no other relevant agreement between the Company and any 263 Finance person or their Associates which relates to, or is conditional on, the issue of the Placement Shares. As noted above, the SPA provides that Completion of the Acquisition is conditional on the Company obtaining shareholder approval to the Placement and Consideration Shares.
A statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition, including any intention of the acquirer to significantly change the financial dividend	263 Finance does not currently intend to use its voting power (if the Placement Shares are issued) to make any changes to the Company's board, management, strategic direction, business or activities. In particular, other than as disclosed in this Explanatory Statement, 263 Finance intends to continue as a Shareholder to support the Company's current management team and have no current intention to make any changes, as a non-controlling Shareholder, to change: (a) the employment of the present employees; (b) the current allocation and deployment of the Company's fixed assets; or

distribution policies of the entity	(c) the Company's current dividend or distribution policies. 263 Finance does not presently intend to seek any further representation on the Company's Board. There is no proposal to transfer assets between the Company and 263 Finance or their Associates. 263 Finance does not have any present intention to inject further capital into the Company at this time. However, 263 Finance reserves the right to provide further capital if the Board determines to raise further equity capital. 263 Finance is not aware of any such intention or proposal to raise further equity capital.
The interests that any director has in the acquisition or any relevant agreement disclosed in respect of any other relevant agreement disclosed above	The Company notes Non-Executive Director, Mr Shan Kanji, is a common director of the Company and 263 Finance as well as an Associate of 263 Finance as noted above. 263 Finance, the Company and the Directors are not aware of any other information other than as set out in this Notice that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.
Details about any person who is intended to become a director if members approve the acquisition	Nil.

5. *Listing Rule 7.1*

Listing Rule 7.1 provides that without the approval of holders of ordinary securities, an entity must not issue or agree to issue more equity securities than the number calculated according to the formula set out in Listing Rule 7.1.

In effect, Listing Rule 7.1 requires that the approval of the holders of the ordinary securities be obtained in respect of any proposal to issue more equity securities in any 12 month period than the number which exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of the issue or agreement (as determined in accordance with the formula set out in Listing Rule 7.1).

Listing Rule 7.2 sets out various exceptions to Listing Rule 7.1. Listing Rule 7.2, Exception 8 provides that if an issue of securities is approved for the purpose of Item 7 of section 611 of the Corporations Act, Listing Rule 7.1 does not apply. Accordingly, the Company is not required to seek approval of the issue of the Placement Shares to 263 Finance under Listing 7.1 and the issue of the Placement Shares to 263 Finance will not count towards the Company's 15% capacity under Listing Rule 7.1.

6. *Listing Rule 10.11*

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

The Company issuing Shares to 263 Finance under the Placement constitutes issuing securities, and, 263 Finance is a related party of the Company by virtue of it being controlled by a Non-Executive Director, Mr Shan Kanji.

Listing Rule 10.12 sets out various exceptions to Listing Rule 10.11. Listing Rule 10.12, Exception 6 provides that if an issue of securities is approved for the purpose of Item 7 of section 611 of the Corporations Act, Listing Rule 10.11 does not apply. Accordingly, the Company is not required to seek approval of the proposed issue of the Placement Shares to 263 Finance under Listing 10.11.

7. *Chapter 2E of the Corporations Act*

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless shareholder approval is obtained in accordance with the requirements of Chapter 2E or the benefit falls within one of various exceptions to the general prohibition.

The Company issuing Shares to 263 Finance under the Placement constitutes giving a financial benefit and, 263 Finance is a related party of the Company by virtue of it being controlled by a Non-Executive Director, Mr Shan Kanji.

The Directors, other than Mr Shan Kanji (who has a material personal interest in Resolution 2), consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Shares under the Placement as the Company has obtained validation of the terms of the Placement and issue of Placement Shares to 263 Finance is on an arm's length basis (or less advantageous terms).

8. *Current and proposed interests in the Company*

8.1. Current interests

The table below shows the percentage of the Shares that 263 Finance holds, and the voting power of 263 Finance as at the date of this Notice, being prior to the issue of Shares under the Placement and prior to the issue of the Consideration Shares.

Shareholder	Number of Shares held	Percentage of Shares held	Percentage of voting power held
263 Finance[1]:			
(a) 263 Finance:	145, 437, 935	19.59%	19.59%
(b) Shan Kanji	0	0	19.59%
Non-associated Shareholders[2]	596,833,435	80.41%	80.41%
Total	742,271,370	100%	100%

Notes:

1. Includes any beneficially held Shares by Blackanco Nominees Pty Ltd (ACN 008 751 755) as nominee for 263 Finance.
2. Includes any beneficially held Shares and excludes the Shares held by 263 Finance (including beneficially held Shares by Blackanco Nominees Pty Ltd (ACN 008 751 755) as nominee for 263 Finance) as at the date of this Notice. This figure also assumes no Existing Convertible Securities are exercised.

8.2. Proposed interests on Completion of the issue of the Placement Shares

If the Company issues Placement Shares then, immediately after the issue of the Placement Shares, the percentage of the Shares held by 263 Finance, and the voting power of 263 Finance, will be as follows:

Shareholder	Number of Shares held[2]	Percentage of Shares held[2]	Percentage of voting power held[2]
263 Finance[1]::			
(a) 263 Finance:	465,437,935	43.82%	43.82%
(b) Shan Kanji	0	0	43.82%

Non-associated Shareholders(3)	596,833,435	56.18%	56.18%
Total	1,062,271,370	100%	100%

Notes:

1. Includes any beneficially held Shares by Blackanco Nominees Pty Ltd (ACN 008 751 755) as nominee for 263 Finance.
2. Assumes the Company does not issue any other Shares (other than the issue of Shares under the Placement). This figure also assumes no Existing Convertible Securities are exercised.
3. Excludes the Shares held by the Sellers after the issue of the Consideration Shares.

8.3. Proposed interests on Completion of the Placement and issue of Consideration Shares

If the Company issues the Consideration Shares on Completion and following the Completion of the Placement, then, the percentage of the Shares held by the 263 Finance, and the voting power of 263 Finance, will be as follows:

Shareholder	Number of Shares held(2)	Percentage of Shares held(2)	Percentage of voting power held(2)
263 Finance(1):			
(c) 263 Finance:	465,437,935	34.06%	34.06%
(d) Shan Kanji	0	0	34.06%
Non-associated Shareholders(3)	596,833,435	43.66%	43.66%
Simon McKay and Katharine Morris as trustees for the McKay Family Trust	152, 173, 913	11.14%	11.14%
Dane Meah and Emily Meah as trustees for the Meah Family Trust	152, 173, 913	11.14%	11.14%
Total	1,366,619,196	100%	100%

Notes:

1. Includes any beneficially held Shares by Blackanco Nominees Pty Ltd (ACN 008 751 755) as nominee for 263 Finance.
2. Assumes the Company does not issue any other Shares (other than the issue of Shares under the Placement and the Consideration Shares) This figure also assumes no Existing Convertible Securities are exercised.
3. Excludes the Shares held by 263 Finance (including beneficially held Shares by Blackanco Nominees Pty Ltd (ACN 008 751 755) as nominee for 263 Finance) and the Sellers This figure also assumes no Existing Convertible Securities are exercised.

9. *Independent Expert's Report*

In accordance with the requirements of RG 74, the Directors engaged the Independent Expert (a copy of which is annexed to this Explanatory Statement) to prepare and provide the Independent Expert's Report which contains an analysis of whether the proposed issue of the Placement Shares is fair and reasonable to the non-associated Shareholders.

The Independent Expert's report compares the likely advantages and disadvantages for the non-associated Shareholders if the proposal is agreed to, with the advantages and disadvantages to those Shareholders if it is not (see in particular sections 1.5 and 11.2 of that report).

The Independent Expert has concluded that the Acquisition, including the issue of the

Placement Shares to 263 Finance, is not fair but reasonable to non-associated Shareholders. The Independent Expert considers that the advantages of the Placement outweigh its disadvantages. For a summary of the Independent Expert's findings, please refer to the Independent Expert's Report.

The Independent Expert has given, and has not before the date of this Notice withdrawn, its consent to the inclusion of the Independent Expert's Report in this Notice and to the references to the Independent Expert's Report in this Explanatory Statement being made in the form and context in which each such reference is included.

10. *Advantages and disadvantages*

The Board provides its opinion below on the advantages and disadvantages of the issue of the Placement Shares that may be relevant to a Shareholder's decision on how to vote on this Resolution. Advantages and disadvantages that may be relevant to a Shareholder's decision on how to vote on this Resolution as determined by the Independent Expert are also set out on pages 3 to 4 and 31 to 33 of the Independent Expert's Report.

Shareholders are urged to carefully read the entire Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

10.1. Advantages

The Board is of the opinion the following non-exhaustive list of benefits of the issue of the Placement Shares may be relevant to a Shareholder's decision on how to vote on this Resolution:

(a) it will, together with the issue of the Consideration Shares, enable Completion of the Acquisition and provide certainty and timeliness of the funds raised for the purpose of funding the Acquisition compared with alternatives;

(b) completing the Acquisition benefits the Company, including by reference to the following:

   i. the Acquisition is expected to be complementary with the Company's business and leverage the Company's core competencies by;

      a. expanding the Company's geographic presence via a much stronger footprint in the key cities of Sydney and Melbourne and complementing the Company's well-established presence in Brisbane; and

      b. strengthening relationships with key cyber security vendor partners and improving synergies;

   ii. the opportunity to potentially improve the margins of the Company's existing cyber division by implementing InfoTrust's delivery approach, sales execution and pipeline build;

   iii. strength of the Board and management team as:

      a. InfoTrust's co-founder and current CEO (Simon McKay) will join the Company as Executive Director and CEO of the combined cyber division; and

      b. Dane Meah (InfoTrust co-founder) to join Spirit's Board, who is also CEO of key InfoTrust vendor partner MyCISO.

   iv. the Acquisitions will scale the Company's cyber security division to become the largest in the Company (and one of the larger cyber businesses in Australia), providing a foundation to put security at the core of the Company's products and solutions and may have a positive impact if the market re-prices the Company as a 'cyber' business overall, given recent market transactions,

all of which are expected to benefit the Company's Shareholders. Further advantages of the Acquisition are set out in the Company's ASX announcement regarding the Acquisition dated 7 February 2024.

(c) 263 Finance is supportive of the Company's management and its current operating plan and long-term strategy. As mentioned above, 263 Finance will not be acquiring a controlling interest in the Company but in any event 263 Finance do not currently intend to use their Voting Power to make any changes to the Company's board, management, strategic direction, business or activities; and

(d) costs of, and dilution arising from, the Placement were materially lower than alternative capital raising options which the Board considered. In addition the Placement was considered by the Board to result in a more certain capital raising outcome in the context of negotiations with the Sellers

10.2. Disadvantages

The Board is of the opinion the following non-exhaustive list of potential disadvantages of the issue of the Placement Shares may be relevant to a Shareholder's decision on how to vote on this Resolution

(a) the price of the Placement Shares and the Placement overall is not fair to non-associated Shareholders at the low and the preferred mid-range price set out in the Independent Expert's Report. The Placement overall may be marginally fair at the high range price;

(b) Shareholders' interests in the Company will be diluted (although it is expected that dilution is not as much as potentially would have arisen through alternative capital raising opportunities considered). However, any dilution of Shareholders' interests will be offset by the continued benefits of the long-term association with the Company of 263 Finance. The Board intends to consider options in the future to enable retail Shareholders the opportunity to increase their investment in the Company;

(c) whilst the Placement of its own does not change the board composition given Mr Shan Kanji is already a Director, the addition of directors from InfoTrust will change the board composition;

(d) Subject to Resolutions in the Notice of Meeting being passed, following the issue of the Consideration Shares and then the Placement Shares, Mr Shan Kanji and 263 Finance will hold relevant interests and voting power in the Company of a maximum of 34.06% and a maximum of 43.82% if the Placement proceeds but the Acquisition does not. This substantial shareholding and the Voting Power held by Mr Shan Kanji and 263 Finance could be influential in circumstances where a shareholder vote on relevant matters affecting the Company is necessary. Mr Shan Kanji and 263 Finance have confirmed to the Company that they support the Company's management and currently intend to continue as Shareholders to support the Company's current management team and Mr Shan Kanji and 263 Finance do not currently intend to use their Voting Power to make any changes to the Company's board, management, strategic direction, business or activities; and

(e) the Company may be less attractive as a takeover target. Any bidder for the Company under a takeover proposal would require 263 Finance to support their bid in order to be successful. It is noted, this circumstance practically applies at present given the already aggregated substantial shareholdings of 263 Finance in the Company irrespective of the issue of the Placement Shares the subject of Resolution 2.

11.*Other Material Information*

Other than as set out in this Explanatory Statement (and the accompanying Independent Expert's

Report), there is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 2 that is known to the Directors and which has not been previously disclosed to Shareholders.

If a material change in circumstances occurs after dispatch of this Notice, but before the Meeting takes place, the Company will issue a replacement or supplementary notice of meeting, together with the Independent Expert's Report and Proxy Form, that will provide Shareholders with additional information regarding the material change, including whether the Directors' recommendation on how to vote has changed and, if so, why.

If a Shareholder is in doubt as to how to vote or has any other questions, the Company recommends that Shareholders seek advice from their financial advisor, accountant, lawyer or other professional adviser as soon as possible.

12. *Recommendation of the Directors*

The Directors unanimously approve the proposal to put Resolution 2 to the Shareholder for their approval.

The Board has carefully considered the advantages and disadvantages and evaluated their relative weight in the circumstances of the Company. The Board unanimously believes that the sum of the advantages outweighs the sum of the disadvantages and that the issue of the Placement Shares to 263 Finance is in the best interests of existing Shareholders as a whole for the reasons set out in these Explanatory Notes and the Independent Expert's Report.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2 and advise that each of them confirms they will vote all Shares held, owned or controlled by them in favour of Resolution 2.

Mr Shan Kanji is the sole director of 263 Finance and has a conflict of interest in the outcome of the issue of the Placement Shares to 263 Finance, the subject of this Resolution 2. With agreement of the Board, Mr Shan Kanji has been recused from considering the issue of the Placement Shares to 263 Finance and has declined to make a recommendation on Resolution 2 and all statements or recommendations attributed to the Directors on Resolution 2 exclude Mr Shan Kanji.

Voting Exclusions

See Note 6 in the Notice for voting exclusions on this Resolution.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

"**$**" means Australian Dollars;

"263 Finance" means 263 Finance Pty Ltd ACN 626 872 115 and Blackanco Nominees Pty Ltd (ACN 008 751 755) holding as nominee for 263 Finance;

"Acquisition" means the purchase of the entire share capital in InfoSurety Holdings by the Company's subsidiary, Spirit Cyber Security, in accordance with the terms and conditions of the SPA ;

"Additional Placement Capacity" has the meaning given in the explanation of Resolution 1 in this Explanatory Statement;

"Associate" has the meaning given to that term in the Corporations Act;

"ASIC" means the Australian Securities and Investments Commission;

"**ASX**" means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

"**Board**" means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;

"**Cash Consideration**" has the meaning given in the 'Background of the Acquisition' section of this Explanatory Statement

"**Chairman**" or "**Chair**" means the person appointed to chair the Meeting of the Company convened by the Notice;

"**Company**" means Spirit Technology Solutions Ltd ACN 089 224 402;

"**Completion**" means completion of the Acquisition under the SPA;

"**Constitution**" means the constitution of the Company as at the date of the Meeting;

"**Consideration Shares**" means the Shares issued to the Sellers as part of the Share Consideration;

"**Corporations Act**" means the *Corporations Act 2001* (Cth);

"**Deferred Consideration**" has the meaning given in the 'Background of the Acquisition' section of this Explanatory Statement;

"**Director**" means a Director of the Company;

"Escrow Period" means the period commencing on the Completion Date under the SPA and ending on the date which is 12 months after that date;

"Equity Security" has the same meaning as in the Listing Rules;

"**Existing Convertible Securities**" means any outstanding options, performance rights or convertible notes issued by the Company;

"**Extraordinary General Meeting**" has the meaning given in the introductory paragraph of the Notice;

"**Explanatory Statement**" means the explanatory statement which forms part of the Notice;

"**Independent Expert"** means Moore Australia (Vic) Pty Ltd;

"Independent Expert's Report" means the report prepared by the Independent Expert dated 23 February 2024;

"**InfoSurety Holdings**" means InfoSurety Holdings Pty Ltd (ACN 673 007 915);

"**InfoTrust**" means InfoSurety Pty Ltd (ACN 169 030 568);

"**Listing Rules**" means the Listing Rules of the ASX;

"McKay Share Consideration" has the meaning given in the explanation of Resolution 1 in this Explanatory Statement;

"Meah Share Consideration" has the meaning given in the explanation of Resolution 1 in this Explanatory Statement;

"**Meeting**" has the meaning given in the introductory paragraph of the Notice;

"Meeting Materials" means the Notices, the Explanatory Statement, the Independent Expert's Report and the Proxy Form;

"**Member**" means a person who is a member under section 231 of the

Corporations Act 2001 (Cth);

"**Notice**" means the Notice of Meeting accompanying this Explanatory Statement;

"Placement" has the meaning given in the explanation in 'Background of the Acquisition' section of this Explanatory Statement;

"Placement Capacity" means the number of securities issued or agreed to be issued under Listing Rule 7.1;

"**Placement Shares**" means the 320,000,000 Shares to be issued and allotted to 263 Finance under the Placement, subject to Resolution 2 being approved;

"**Private Placement Funding Letter"** means the funding letter between the Company and 263 Finance setting out the terms of the Placement;

"**Proxy Form**" means the proxy form attached to the Notice;

"**Resolution**" means a resolution referred to in the Notice;

"**RG 74**" means AISC Regulatory Guide 74;

"**Sellers**" means each of:

a) Simon McKay and Katharine Morris as trustees for the McKay Family Trust; and

b) Dane Meah and Emily Meah as trustees for the Meah Family Trust;

"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means Shareholder of the Company;

"Share Consideration" has the meaning given in the explanation of Resolution 1 in this Explanatory Statement;

"**SPA**" means the Share Purchase Agreement between the Sellers, Spirit Cyber Security, Spirit and InfoSurety Holdings for the purchase of all the share capital in InfoSurety Holdings by Spirit Cyber Security dated 5 February 2024;

"**Spirit Cyber Security**" means Spirit Cyber Security Pty Ltd (ACN 673 345 910);

"UPC" means Unified Capital Partners; and

"**Voting Power**" has the meaning given in the Corporations Act.

SCHEDULE 1

MATERIAL TERMS OF THE SPA
(RESOLUTION 1)

The key terms of the SPA to acquire InfoSurety Holdings are set out below:

1.1 Definitions

Words with capitalised letters in this Schedule have the meaning set out in the Glossary, SPA or otherwise as set out below, unless the context requires otherwise:

Sellers	Simon McKay and Katharine Morris as trustees for the McKay Family Trust; and Dane Meah and Emily Meah as trustees for the Meah Family Trust
Condition Precedents	has the meaning given in section 1.2 of this Schedule
Purchase Price	means the consideration described in section 1.3 of this Schedule

1.2 Conditions Precedent

The Completion (as that term is defined in the SPA) is conditional on the following:

(a) on or prior to the Cut-Off Date (26 April 2024), Spirit obtains all consents, approvals and waivers required by any laws including but not limited to approvals from ASIC and ASX (if applicable), and from its board of directors and separately its shareholders, to effect the transactions contemplated by this document, and Spirit completes all necessary steps to implement the consents, approvals and waivers obtained;

(b) InfoSurety Holdings obtains all consents, approvals and waivers required by any laws including but not limited to approvals from its board of directors and separately its shareholders, to effect the transactions contemplated by the SPA;

(c) in respect of Material Contracts (as that term is defined in the SPA), the consent of the relevant counterparties to the change of control of InfoSurety, where applicable, is received in writing, subject to Completion, on substantially the same terms as the terms entered into between InfoSurety and each relevant counterparty (as determined by Spirit Cyber Security, acting reasonably);

(d) on or prior to the Completion Date (as that term is defined in the SPA), Spirit, Commonwealth Bank of Australia (**CBA**) and all other parties currently bound by the CBA Facility (as that term is defined in the SPA) executing a seventh amendment deed to the CBA Facility on terms acceptable to the Sellers or receipt of confirmation in writing of substantial amendments to the CBA Facility which are acceptable to the Sellers

(e) Spirit providing a turnaround plan to the Sellers that shows Spirit's plan to return its managed service business unit to profitability on a run rate basis during FY24.

(f) the Purchaser Group (as that term is defined in the SPA) not divesting any material assets;

(g) execution of a transition services agreement between the Company or the Spirit Cyber Security and MyCISO Pty Ltd ACN 649 173 535 (**MyCISO**).

1.3 Purchase Price

(a) The Purchase Price is the amount equal to:

(i) the Completion Cash Consideration ($14,000,000); plus

(ii) the Tranche 1 Deferred Consideration ($1,500,000); plus

(iii) the Tranche 2 Deferred Consideration ($1,500,000); plus

(iv) the Tranche 3 Deferred Consideration ($3,649,471); plus

(v) the Share Consideration (304,347,826 new Shares, being the equivalent of $14,000,000 in Spirit Shares issued at a price of 4.6 cents per Share rounded down to the nearest whole Share); plus or minus

(vi) the Net Debt Adjustment Amount (calculated in accordance with clause 8.2(a)(i) of the SPA) ; plus or minus

(vii) the Working Capital Adjustment Amount (calculated in accordance with clause 8.2(a)(ii) of the SPA); plus or minus

(viii) any other adjustments in accordance the SPA.

1.4 Warranties

The Seller and Buyer provide mutual warranties and indemnities that are customary for transactions of this nature.

1.5 Timetable and Termination

The SPA may be terminated if:

(a) Satisfaction of the Conditions Precedent does not occur by 5:00pm on 26 April 2024; or

(b) the Seller or Buyer suffer an insolvency event or are subject of a winding up order; or

(c) Spirit Cyber Security or the Sellers materially default on any obligations under the SPA and that default is not remedied within 14 days of written notice; or

(d) an encumbrance is enforced over whole or any substantial part of the InfoTrust.

Completion is expected to occur 30 April 2024.

SCHEDULE 2

Material Terms of the Private Placement Funding Letter (Resolution 2)

The key terms of the Private Placement Funding Letter regarding 236 Finance's commitment to take up a placement of 320,000,000 ordinary shares in the Company are set out below:

1.1 Definitions

Words with capitalised letters in this Schedule have the meaning set out in the Glossary or otherwise as set out below, unless the context requires otherwise:

1.2 Conditions

263 Finance's commitment to proceed with the Placement is conditional on:

(a) the Shareholders of the Company pass Resolution 1 set out in this Notice; and

(b) none of the following events occurring without the consent of 263 Finance:

(i) (**material adverse change**) any material adverse change, or material development (including but not limited to any regulatory change) or material event involving a prospective change, in the condition, financial or otherwise, or in the assets, liabilities, earnings, business, operations, management, profits, losses or prospects of the Company and its subsidiaries (**Spirit Group**);

(ii) (**market fall**) the ASX/S&P 300 Index:

(A) closes on two consecutive business days; or

(B) closes on the trading day immediately prior to proposed date of issue of the Placement Shares,

more than 10.0% below its level at market close on the business day immediately preceding the date of this letter;

(iii) (**unable to proceed**) the Company is or will be prevented from conducting or completing the Placement by or in accordance with the Corporations Act, the Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction, or otherwise is or will become unable or unwilling to do any of these things or a third party applies to a court of competent jurisdiction seeking orders to prevent, or which will have the effect of preventing any of these things;

(iv) (**force majeure**) there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for 263 Finance to proceed with the Placement;

(v) (**listing**):

(A) the Company ceases to be admitted to the official list of ASX or its shares (or interests in them) cease trading or are suspended from official quotation or cease to be quoted on the ASX; or

(B) ASX makes any official statement to any person, or indicates to the Company or 263 Finance that it will not grant permission for the official quotation of the Placement Shares; or

(C) permission for the official quotation of the Placement Shares is withdrawn, qualified or withheld;

(vi) (**no misleading or deceptive conduct**) the Company engages in conduct that is misleading or deceptive or which is likely to mislead or deceive 263 Finance in connection with the Placement;

(vii) (**market disruption**) either of the following occurs:

(A) a general moratorium on commercial banking activities in Australia, the United States of America, Singapore, Hong Kong or the United Kingdom is declared by the relevant central banking authority in any of those countries; or

(B) trading in all securities quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading;

(viii) (**unauthorised change**) any member of the Spirit Group:

(A) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(B) ceases or threatens to cease to carry on business; or

(C) alters its capital structure;

(ix) (**change in directors or management**) a change to the Managing Director or the board of directors of the Company, or any such changes are announced; or

(x) (**insolvency**) an insolvency event occurs in relation to any member of the Spirit Group

1.3 Consideration

(a) The Placement Shares will be issued at 5c per share, being an aggregate amount of $16m.

1.4 Termination

The Funding Letter may be terminated if any of the events set out in the Conditions occurs without the consent of 263 Finance.

SPIRIT TECHNOLOGY SOLUTIONS LTD

Independent Expert's Report and Financial Service Guide.

Report on the Placement issue of shares requiring shareholder approval in connection with the InfoTrust acquisition.

23 FEBRUARY 2024

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23 February 2024

The Directors
Spirit Technology Solutions Ltd
Level 2, 19 25 Raglan Street
South Melbourne VIC 3205

Dear Directors

INDEPENDENT EXPERT REPORT ON THE PLACEMENT ISSUE OF SHARES REQUIRING SHAREHOLDER APPROVAL IN CONNECTION WITH THE INFOTRUST ACQUISITION

1. We refer to our engagement letter dated 5 February 2024 and are pleased to submit our Independent Expert **Report** on the above **Proposal**.
2. This summary should be read with the body of our Report which sets out our scope of work, reasoning and findings. It should also be read with the Notice of Meeting (**NoM**) provided to Shareholders by the Company.

1.1. Introduction

3. Spirit Technology Solutions Ltd (**ST1** or **Company**) provides collaboration and communication, cyber security, and managed information technology services in Australia. ST1 is publicly listed on the ASX. The current market capitalisation of ST1 is circa $36.4 million[1].
4. InfoSurety Holdings Pty Ltd (**InfoTrust**) is a privately owned company that provides a range of cyber security services including strategy, solution design, implementation, and support. Established in 2014, it has locations in Sydney, Melbourne, Brisbane and Manila.
5. On 7 February 2024, ST1 announced its intention to acquire up to 100% of the equity of InfoTrust on a cash free / debt free basis, (**Acquisition**). The headline Acquisition consideration of $34.6 million is comprised of:
   - $14.0 million cash on completion. This is being funded by the Placement, (see below).
   - $14.0 million in ST1 shares at 4.6 cents per share, totalling 304.3 million shares. These will be issued at 50% each to the two vendors of InfoTrust.
   - $6.6 million in deferred consideration, payable in cash tranches, over 6 to 18 months.
6. The cash at completion is proposed to be funded by way of a **Placement** to **263 Finance** Pty Ltd of $16.0 million at 5.0 cents per share (being 320 million shares). 263 Finance is a significant shareholder of ST1 and associate of Mr. Shan **Kanji**. Kanji is also non-executive director of ST1 (appointed 31 January 2024). The Placement is conditional on the issue of the shares for the Acquisition being approved by shareholders.
7. Directors have received legal advice that ST1 shareholder approval of the Placement and our **Report** is required under s.611(7) of the Corporations Act 2001 (**Act**).

[1] 20 Feb 2024

8. Whilst the focus of this report is on the Placement, given their linkage, we regard both the Placement and the Acquisition, as the **Proposal** for the purpose of our assessment.

1.2. Purpose of this Report

9. Under the Placement, 263 Finance's interest in ST1 will increase from below 20% to above 20% and is therefore considered a control transaction, occurring by means other than takeover bid. As noted, in this circumstance shareholder approval of the Placement is required under the Act.

10. Therefore, the Directors of ST1 have engaged us (**MAV**) to prepare this Independent Experts Report for the purpose of assisting Non-Associated Shareholders to evaluate the Proposal. The scope of the Report is to assess whether the Proposal is fair and reasonable to ST1 Non-Associated Shareholders in accordance with the Act and any related ASIC Regulatory Guides.

11. The Non-Associated Shareholders are those ST1 shareholders other than 263 Finance and its associates.

1.3. Basis of evaluation

12. "Fairness" is a quantitative assessment. "Reasonableness" is a qualitative assessment. In order to assess if the Proposal is fair and reasonable, we have:

Undertaken a quantitative assessment. The risk to Non-Associated Shareholders is if ST1 underprices the Placement or overpays for the Acquisition of InfoTrust.

- In this context, the Proposal is fair if the Placement price offered is equal to or exceeds the control value of a ST1 share before the Proposal.
- We also assessed it as fair if the minority value of a ST1 share after the Proposal (including the effects of the Acquisition of InfoTrust) is greater than or equal to the control value of a ST1 share before the Proposal.

Assessed the qualitative merits as reasonable if it is fair, or despite not being fair, if the advantages to Shareholders outweigh the disadvantages.

1.4. Summary of quantitative assessment

13. Table 1 below sets out a comparison with the price under the Proposal as well as our comparison of the position of ST1 Shareholders Pre and Post Proposal.

Table1

$ per share Fairness assessment	Low	Mid (Preferred)	High
Comparison to the Placement price			
ST1 Pre Proposal FMV share value on a control basis ($ per ST1 share)	$0.056	$0.065	$0.068
Placement price offered	$0.050	$0.050	$0.050
Higher = Fair / (Lower = not fair)	**-$0.006**	**-$0.015**	**-$0.018**
Evaluation	**Not Fair**	**Not Fair**	**Not Fair**
Comparison of the position of ST1 shareholders Pre and Post Proposal			
ST1 Pre Proposal FMV share value on a control basis ($ per ST1 share)	$0.056	$0.065	$0.068
ST1 Post Proposal FMV share value on a minority basis ($ per ST1 share)	$0.036	$0.054	$0.069
Higher = Fair / (Lower = not fair)	**-$0.020**	**-$0.011**	**$0.001**
Evaluation	**Not Fair**	**Not Fair**	**Fair**

14. We estimate that the Placement Price of 5.0 cents per share is lower than the Pre Proposal ST1 share price on a control basis under the Proposal at all ranges shown. Our preference is at the mid-range value.

15. We also estimate that the Post Proposal minority value of ST1 shares is lower than the Pre Proposal value on a control basis at the low and mid ranges shown. It is marginally fair at the high range, assuming a higher value for InfoTrust than the actual deal value. This could occur if ST1 as a whole is re-rated by the market in value as a cyber business. However, our preference is at the mid-range value.

ST1 value Pre Proposal

16. The Pre Proposal value for a ST1 share is based upon an assessment of the fair market value per Share on a control basis which ranges from 5.6 cents to 6.8 cents. This assessment was made using volume weighted average share prices (**VWAP**) multiplied by the number of shares (market capitalisation) and applying a control premium. In our view, the ST1 market share price likely represents a liquid and active price.

17. The main influences of value of ST1 are:

    - We calculated the VWAP price of ST1 covering slightly different periods. This is because we observed that 263 Finance had started to acquire significant parcels of Shares from 15 Dec 2023 which may have itself influenced ST1's Share price.
    - A range of estimated control premiums.

18. Other adjustments include unavoidable transaction costs, not significant to our overall opinion.

19. The value determined is then divided by the Pre-Proposal number of shares to derive the Pre Proposal share price.

InfoTrust value Pre Proposal

20. InfoTrust's value is based upon a capitalised future maintainable earnings (**CFME**) method. Therefore, the main influence of value was the estimate of normalised maintainable earnings (EBITDA) and a market based valuation multiple. In the case of normalised earnings, we also included a range of estimates for the positive effects of synergies stated in the ST1 announcement which Directors think will accrue to ST1.

21. Our assessment resulted in a wide range of values that included the stated transaction value of $34.6 million.

22. These values of InfoTrust were used as an input into the ST1 value Post Proposal.

ST1 value Post Proposal

23. The ST1 Post Proposal value is based upon the fair market value of both ST1 and InfoTrust combined on a minority basis. The value also includes excess funds arising from the Placement and avoidable transaction costs. This is then divided by the post Proposal number of shares including shares issued under the both the Placement and the Acquisition to derive the post Proposal share price on a minority basis.

24. The comparison of a Pre Proposal control value of ST1 shares with a Post Proposal ST1 minority value (including InfoTrust) shows a negative impact at the low and mid ranges. This demonstrates that there is no control premium for ST1 shares under the Proposal.

Fairness opinion

25. We are most persuaded by the comparison of the Placement price at the Mid values. As the Placement offer price of 5.0 cents per share is lower than the Pre Proposal control value of ST1 share price, we conclude that the Proposal is **Not Fair** to the Non-Associated Shareholders.

26. We are less persuaded by the comparison of the ST1 share price Pre and Post Proposal, as that is not the primary form of analysis required for approval under Act. Nevertheless, that assessment also indicates the Proposal is not fair at the preferred mid-range, partly due to the additional effects of the Acquisition share price of 4.6 cents being lower than the Placement price.

1.5. Summary of qualitative assessment

27. We summarise the advantages and disadvantages of the Proposal and also any alternatives to the Proposal if it is not approved:

Advantages of the Proposal	• The Placement is faster to complete and provides certainty over total funds raised compared with alternatives. • Therefore, the Placement will facilitate timely completion of the InfoTrust Acquisition, including funding further transaction costs and net-working capital. • The InfoTrust Acquisition is expected to be complimentary to ST1's present offering in terms of geography and vendor partners. Directors expect this to result in synergies accruing to ST1. • The InfoTrust Acquisition will result in ST1's Cyber division becoming its largest (core) division. This may have a positive impact if the market re-prices ST1 as a 'cyber' business overall, given recent market transactions (refer Section 6.2). • Directors state InfoTrust's owners will join and strengthen the ST1 board and management of the Cyber division.
Disadvantages of the Proposal	• The Placement Price and the Proposal overall is not fair at the low and our preferred mid-range. The Proposal overall may be marginally fair at the high range. • Whilst the Placement of its own does not change the board composition given Kanji is already a Director, the addition of directors from InfoTrust will change the board composition. However, Directors state that Mr. Shan Kanji and 263 Finance have confirmed they support the ST1's current management, strategic direction, and business activities. • The avoidable transaction costs associated with the Proposal. • Increased concentration of substantial holdings which may reduce relative liquidity of ST1's shares. This may also make ST1 a less attractive takeover target as any takeover proposal would require 263 Finance and the InfoTrust vendors support.
If the Proposal is NOT approved	• Directors state there are no other Acquisition deal structures or funding mechanisms as readily available as the Proposal. • The Directors advise that if the Proposal is not approved, then the InfoTrust Acquisition will not proceed and the opportunity to strengthen

- the business towards Cyber will be more difficult, slower and potentially more costly.
- If the Acquisition does not proceed, a $0.2 million break fee is payable by ST1 to the vendors of InfoTrust.
- There is an increased risk that ST1 may not meet recently renegotiated covenant terms with its bank, which were based upon the Acquisition proceeding. Directors state that that if the Proposal does not proceed, the bank will require $8.0 million of the current loan to be repaid. This would require additional equity funds to be raised or assets to be divested, likely at terms less favourable than the current Proposal.

28. In our opinion the position of ST1 Shareholders is more advantageous Post Proposal than Pre Proposal and therefore the Proposal is reasonable to ST1 Non-Associated Shareholders. We are mostly persuaded by the better overall prospects for ST1 if the Acquisition (and therefore the Placement) proceeds than what may occur if it does not.

1.6. Summary of Opinion

On the balance of the above matters considered, we think that the Proposal is **Not Fair but Reasonable** to the Non-Associated shareholders of ST1.

1.7. Summary of disclosures and limitations

Our opinion is subject to the limitations and disclaimers set out in the body of this Report.

Changes in market conditions

Our analysis and conclusions are based on market conditions existing at the date of this Report which is also the valuation date. A limitation of our conclusion is that market conditions may change between the date of this Report and when the various aspects of the Proposal are concluded.

Individual shareholder circumstances

Acceptance or rejection of the Proposal is a matter for individual shareholders based upon their own views of value, risk, and portfolio strategy. Shareholders who are in doubt as to the action that they should take in relation to the Proposal should consult their professional advisor.

Financial Services Guide

Our Financial Services Guide is attached in **Appendix 4**. This includes the contact details of whom to address any concerns with this Report.

We thank you for the opportunity to assist you in this important matter.

Yours faithfully
Moore Australia (VIC) Pty Ltd

Holder of Australian Financial Services License No.247362

Colin Prasad
Director – Corporate Finance
Business Valuation Specialist

TABLE OF CONTENTS

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GLOSSARY

Term	Meaning
263 Finance	263 Finance Pty Ltd, an entity associated with Kanji.
ACT	Corporations Act 2001.
APES	Accounting Professional and Ethical Standard.
ASIC (GN)	Australian Securities and Investments Commission. Guidance Note.
ASX (LR) (GN)	Australian Securities Exchange. Listing Rules. Guidance Note.
Acquisition	The proposed acquisition of InfoTrust by ST1 as described in Section 2.0.
CFME	Capitalised future maintainable earnings.
Company	Spirit Technology Solutions Ltd (ST1).
DCF	Discounted cash flow.
Directors	Directors of ST1.
EBITDA	Earnings before interest tax depreciation and amortisation.
FMV	Fair Market Value.
FY	Financial Year ending 30 June.
InfoTrust	InfoSurety Holdings Pty Ltd, target of the Acquisition.
Kanji	Mr. Shan Kanji, a Non-executive director of ST1, and associated with 263 Finance.
MAV	Moore Australia (Vic) Pty Ltd – the author(s) of this Report.
NoM	Notice of Meeting including explanatory memorandum.
Non-Associated Shareholders	Those ST1 shareholders other than 263 Finance and its associates.
Placement	To issue 320 million Shares at 5.0 cents per share to 263 Finance.

Term	Meaning
Proposal	Both the Acquisition and Placement as described in Section 2.0.
QMP	Quoted market price.
RG	ASIC Regulatory Guide
Shareholders	ST1 shareholders.
Shares	ST1 shares.
ST1	Spirit Technology Solutions Ltd.
VWAP	Volume weighted average price.

2.0 THE PROPOSAL

2.1. The Placement

29. The NoM sets out the Proposal for the Placement which is to issue 320 million shares to 263 Finance at 5.0 cents per share to raise $16.0 million. 263 Finance is an associate of Kanji, who is also director of ST1.

30. The Placement is conditional on the issue of the shares for the Acquisition being approved by shareholders.

2.2. The Acquisition

31. The NoM sets out the Proposal for the Acquisition of InfoTrust.

32. Under the InfoTrust Acquisition, ST1 will acquire up to 100% of the equity of InfoTrust on cash free / debt free basis for a headline price of $34.6 million comprised of:

- $14.0 million cash on completion. This is being funded by the Placement.
- $14.0 million in ST1 shares at 4.6 cents per share, totalling 304.3 million shares. These will be issued at 50% each to the two vendors of InfoTrust.
- $6.6 million in deferred consideration, payable in cash in three tranches, being: $1.5 million in 6 months, $1.5 million in 12 months, and $3.6 million in 18 months from completion.

33. The Proposal is subject to conditions imposed by ASX or ASIC, (i.e., shareholder approvals).

34. ST1 presently has 742.3 million shares on issue. If the Proposal proceeds, a further 624.3 million shares will be issued. Table 2 below sets out significant shareholdings of ST1 Pre Proposal and the expected impact of ST1 shares issued to 263 Finance and InfoTrust vendors if the Proposal proceeds in full.

Table 2: ST1 shareholding pre Proposal

ST1 Top shareholders		Associated with	Pre Proposal number of shares	% of total shares	Post Proposal number of shares	% of total shares
1a	InfoTrust Vendors	See below	-	0.0%	304,347,826	22.3%
1b	263 FINANCE PTY LTD *	Shan Kanji	145,437,935	19.6%	465,437,935	34.1%
2	MR PETER DIAMOND & MRS DIANA DIAMOND		85,000,000	11.5%	85,000,000	6.2%
3	MARQUEE HOLDINGS PTY LTD		55,988,507	7.5%	55,988,507	4.1%
4	UBS NOMINEES PTY LTD		49,961,173	6.7%	49,961,173	3.7%
5	HARB HOLDINGS PTY LTD		35,440,563	4.8%	35,440,563	2.6%
6	HARB HOLDINGS PTY LTD		20,547,945	2.8%	20,547,945	1.5%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		18,172,974	2.4%	18,172,974	1.3%
8	HURACAN HOLDINGS PTY LTD		17,996,664	2.4%	17,996,664	1.3%
9	QUANTUM 777 PTY LTD		13,508,095	1.8%	13,508,095	1.0%
10	BRIGGS GROUP CONSULTING PTY LTD		12,606,789	1.7%	12,606,789	0.9%

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ST1 Top shareholders	Associated with	Pre Proposal number of shares	% of total shares	Post Proposal number of shares	% of total shares
Other shareholders		287,610,725	38.7%	287,610,725	21.0%
Total		**742,271,370**	**100.0%**	**1,366,619,196**	**100.0%**
Reconciled as:					
Placement shares issued to 263 FINANCE PTY LTD	Shan Kanji			320,000,000	23.4%
Acquisition shares issued to InfoTrust Vendors McKay Family trust	Simon McKay			152,173,913	11.1%
Acquisition shares issued to InfoTrust Vendors Meah Family trust	Dane Meah			152,173,913	11.1%
Total				**624,347,826**	**45.7%**

*Source: management and MAV analysis. *Includes any beneficially held shares for 263 Finance.*

35. Table 2 shows the top 10 shareholders in ST1 Pre Proposal, increasing to the top 10+2 Post Proposal with the addition of ST1 shares issued to InfoTrust shareholders.

36. Pre Proposal 263 Finance holds 19.6% of ST1 shares which will increase to 34.1% if the Proposal proceeds.

37. The vendors of InfoTrust, represented by Simon McKay and Dane Meah, will each hold 11.1% of ST1 shares post Proposal.

38. Post Proposal ST1 Non-Associated Other Shareholders will be diluted by nearly half from holding 38.7% to 21.0%. A similar magnitude of dilution will occur for top shareholders ranked two to ten.

39. The concentration of substantial holdings will increase, with interests associated with both the InfoTrust vendors and 263 Finance being 56.3%.

2.3. Shareholders resolution in the NoM

40. The NoM sets out the resolutions (**Resolution**) relevant to this Report which we summarise:

- **Resolution 1:"Approval of issue of ST1 shares in respect of the Acquisition of InfoTrust[2]"** – a procedural resolution for the purposes of ASX LR 7.1, for the issue of the Acquisition shares to the vendors of InfoTrust exceeding the placement capacity.
- **Resolution 2:"Acquisition of a relevant interest in Placement Shares by 263 Finance Pty Ltd"** – That Shareholders approve the Placement, subject to the passing of Resolution 1.

41. The Non-Associated Shareholders are those ST1 shareholders other than 263 Finance and its associates (**Non-Associated Shareholders**).

42. Whilst the focus of this report is on the Placement, given their linkage, we regard both the Placement and the Acquisition as the Proposal for the purposes of our analysis.

[2] Called InfoSurety Holdings Pty Ltd in the resolution – see glossary.

3.0 SCOPE OF THIS REPORT

3.1. Purpose

43. ST1 is a public company incorporated in Australia and accordingly is subject to the takeover provisions of the Act.

44. Under the Act, a shareholder's interest may only increase from below 20% to above 20% (considered a control transaction) by means other than takeover bid if it falls within one of the allowable exceptions. An exception includes where Non-Associated Shareholders approve the transaction under s.611(7) of the Act.

45. The requirements for an independent expert's report are also set out in ASIC RG 111 Table 1 which includes the above circumstance.

46. Therefore, the Directors of ST1 have engaged MAV to prepare this Independent Experts Report for the purpose of assisting Non-Associated Shareholders to evaluate the Proposal. The scope of the Report is to assess whether the Proposal is fair and reasonable to ST1 Non-Associated Shareholders.

47. The Report will accompany the NoM to be sent to Shareholders.

3.2. Basis of evaluation

48. The Proposal represents an issue of shares to 263 Finance where their interest will exceed 20% and is therefore considered a control transaction.

49. RG 111 guide states that 'fair and reasonable' is not a compound phrase and each element has to be assessed. 'Fair' is an assessment of the consideration against the value of the securities to be issued. 'Reasonable' is an assessment of the merits of the Proposal and if there are sufficient reasons for the Proposal to proceed.

50. Therefore, "Fairness" is a quantitative assessment. "Reasonableness" is a qualitative assessment. In order to assess if the Proposal is fair and reasonable, we have:

- Undertaken a quantitative assessment. The risk to Non-Associated Shareholders is if ST1 under-prices the Placement or overpays for the Acquisition of InfoTrust.
    - In this context, the Proposal is fair if the Placement price offered is equal to or exceeds the control value of a ST1 share before the Proposal.
    - We also assessed it as fair if the minority value of a ST1 share after the Proposal (including the effects of the Acquisition of InfoTrust) is greater than or equal to the control value of a ST1 share before the Proposal.
- Assessed the qualitative merits as reasonable if it is fair, or despite not being fair, if the advantages to Shareholders outweigh the disadvantages.

51. In accordance with RG 111 the Proposal is reasonable if it is fair. If despite not being fair, it may be reasonable if we think that the advantages to shareholders outweigh the disadvantages.

52. In accordance with RG 111, those assessments of fair value include an analysis of value employing accepted valuation methodologies (DCF, CME, Asset based and Market Comparable transactions) which are most applicable.

53. We have undertaken our valuations assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. This is a standard of fair value.

54. We have also assumed premise of value as a going concern.

3.3. Terms of reference

55. We have conducted our Services according to the guidelines contained in APES 110 *"Code of Ethics for Professional Accountants*" and the principals of APES 225 "*Valuation Services*".

56. We confirm MAV are the holder of AFLS licence 247 262, which authorises us to provide reports and advice in respect of securities. A copy of our Financial Services Guide is included in **Appendix 4**.

57. Regulatory guidance includes:

RG 112 “Independence of Experts March 2011”. We confirm our qualifications and independence in **Appendix 3**.

RG 111 “Content of Experts Reports – October 2020”. Relevant guidance is given on the basis of evaluation including the standard of fair market value on a control basis and the use of prospective financial information only where there is a ‘reasonable’ (and not hypothetical – per RG 170) basis to do so.

RG 170 “Prospective Financial Information – April 2011” – factors that indicate ‘reasonable grounds’ for prospective financial information.

RG 74 “Acquisitions approved by members – December 2011”.

RG 76 “Related party transactions” – March 2011.

ASX LR 10 “Transactions with persons of influence” and the associated Guidance Note 24 – December 2019.

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4.0 PROFILE OF ST1

4.1. Background[3]

58. In this Section we set out the profile ST1.

59. ST1 is publicly listed company on the ASX. The current market capitalisation of ST1 is circa $36.4 million[4]. Its principal place of business is in South Melbourne, Vic.

60. Directors of ST1 are presently:

- Mr James Joughin (Non-Executive Chairman)
- Mr Julian Challingsworth (Managing Director and Chief Executive Officer)
- Mr Gregory Ridder (Non-Executive Director)
- Ms Lynn Warneke (Non-Executive Director – appointed 9 October 2023)
- Mr Elie Ayoub (Executive Director)
- Mr Shan Kanji (Non-Executive Director – appointed 31 January 2024)

61. ST1 provides a modern and secure digital workplace to its mainly mid-market and small business-to-business customers. It does this by providing a complete offering across its key operating segments of:

- **Collaboration and Communication** - Nexgen, an integrated solution comprising hardware, software, installation and configuration, bundled with cloud data and voice connectivity.
- **Cyber security** - ST1 manages and optimises cyber intelligence systems, analyses and reports on threats and vulnerabilities and advises on governance, risk and compliance. ST1 sells software solutions, provides professional services and managed services to the mid-market and large organisations, with key strategic global vendor partners. ST1's Security Operations Centre in Brisbane, remains a key differentiator against generic capabilities provided by other Australian managed service providers and is now supporting a growing number of leading Australian organisations.
- **Managed IT Services** - ST1 focuses on medium and mid-market businesses, delivering a suite of IT solutions which include software, hardware and services that support key business applications including productivity suites, managed WiFi, managed data backup, firewall protection and managed cloud services. ST1's services include the design, configuration, installation and support of such applications and the associated customer networks. Key strategic partners this segment include Microsoft and Cisco.

62. ST1 consider that cyber security is increasingly a core opportunity given:

- High profile cyber-attack incidents on Australian companies.
- Changing landscape of cloud and hybrid work models requiring greater data and IT security.
- Promotion of the Australian Signals Directorate framework for cyber security posture and resilience. The strongest growth areas include cloud security, application security, data privacy and security and integrated risk management.

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[3] Source: Company materials.
[4] As of 20 February 2024.

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4.2. Financial Performance

63. The historical financial information in this Section is extracted from the Audited accounts of ST1 for the year ending 30 June 2023 including the comparative year.

64. Those accounts were both audited by PKF Melbourne who issued an unmodified opinion dated 30 August 2023. We also set out unaudited financial information for the six months ended 31 Dec 2023. As the time of our Report, these are yet to be Reviewed by PKF.

65. On the basis of the half year, we include a simple 12-month projection for FY24 to aid comparability. We acknowledge that Directors guidance for the full year FY24 may differ, perhaps materially.

66. Directors state that overall recent financial performance has been below their expectations, but with several restructuring activities undertaken to improve performance. To this end, Directors have presented "underlying EBITDA" in their financial reports, to normalise for the impact of restructuring and other items.

Table 3: Profit and Loss.

$ '000s (Reclassified)	Note	FY22 Audited	FY23 Audited	H1FY24 Pending Review	FY24 Unaudited Act.+Proj.
Collaboration & Communication		34,982	41,588	19,784	39,568
Cyber Security		31,397	33,608	19,223	38,446
Managed Services		69,615	52,371	18,160	36,320
Corporate		(656)	(453)	(161)	(322)
Total revenue	**a**	**135,338**	**127,114**	**57,006**	**114,012**
Cost of sales		(67,523)	(65,594)	(30,768)	(61,536)
Gross profit	**b**	**67,815**	**61,520**	**26,238**	**52,476**
Other income		**3,394**	**157**	**172**	344
Employee benefits expense	c	(47,008)	(44,849)	(22,293)	(44,586)
Admin & corporate expenses	d	(12,224)	(10,449)	(3,604)	(7,208)
Selling & Marketing expenses		(2,898)	(2,687)	(1,032)	(2,064)
Net UL EBITDA adjustments		(1,823)	1,459	679	1,358
Management Underlying EBITDA	**e**	**7,256**	**5,151**	**160**	**320**
Share based payments		(721)	(942)	(668)	NS
(Loss)/Profit on divestment of non-core assets		1,823	(600)	-	NS
Acquisition and divestment costs		(1,926)	(200)	(492)	NS
Restructuring / Other restructuring costs /UL adj. reclass		(1,527)	(3,633)	(1,214)	NS
Net FV loss on remeasurement of contingent consideration		(2,747)	(8,042)	-	NS
Impairment of assets		(48,374)	-	(1,395)	NS
Depreciation and amortisation		(7,655)	(4,073)	(1,997)	NS
Net finance costs		(1,170)	(1,580)	(1,339)	NS
Income tax benefit		1,875	2,530	1,745	NS
Net loss	**f**	**(53,166)**	**(11,389)**	**(5,200)**	**NS**
KPI's					
Collaboration & Communication / total revenue	*a*	*25.8%*	*32.7%*	*34.7%*	

$ '000s (Reclassified)	Note	FY22 Audited	FY23 Audited	H1FY24 Pending Review	FY24 Unaudited Act.+Proj.
Cyber Security / total revenue	*a*	*23.2%*	*26.4%*	*33.7%*	
Managed Services / total revenue	*a*	*51.4%*	*41.2%*	*31.9%*	
YoY Revenue growth		*NS*	*-6.1%*	*-10.3%*	
Gross profit / total revenue	*b*	*50.1%*	*48.4%*	*46.0%*	
Employee benefits expense / total revenue	*c*	*-34.7%*	*-35.3%*	*-39.1%*	
Admin & corporate expenses / total revenue	*d*	*-9.0%*	*-8.2%*	*-6.3%*	
Selling & Marketing expenses / total revenue		*-2.1%*	*-2.1%*	*-1.8%*	
Management Underlying EBITDA / total revenue	*e*	*5.4%*	*4.1%*	*0.3%*	
Cash flow from operations	*e*	*3,496*	*(3,730)*	*(5,416)*	

Source: Audited and unaudited accounts and MAV analysis. Some classifications may differ to aid comparability.

Historical Earnings Review

67. Table 3 notes are as follows:

a) The Collaboration segment experienced a decline in product sales due to inflation and higher interest rates reducing demand and customer confidence. The Cyber segment has increased its relative performance through working with the Managed Services segment. Directors state the Managed Services segment has remained challenging notwithstanding restructuring efforts. The net impact is an overall decline in revenue in FY24 on a simple projected basis. Total revenue also declined YoY in FY23.

b) Gross profit margin has also declined from earlier periods. ST1 divested its Fixed Wireless Network on 1 June 2022 and then entered into a wholesale services agreement. This changed the nature of the P&L in that it lowered the gross margin as the Data services moved from a CAPEX & depreciation model to a wholesale cost of sales model.

c) ST1 costs are mainly its employees who provide the services. Directors state the historic cost base has been impacted by wage inflationary pressures in FY22 and employee churn.

d) Significant savings have been made in administration and corporate expense areas.

e) Management Underlying EBITDA excludes restructuring, non-recurring and some non-cash items. Whilst positive in FY22 and FY23, it is below 6% of revenue and only marginally positive for FY24. We further note that cash flow from operations does not reflect underlying EBITDA.

f) On a statutory basis, ST1 has incurred substantial losses (including items such as impairment and restructuring charges).

68. We accept that ST1 has recently been through a difficult operating period such that bottom line statutory NPAT does not reflect underlying performance. We interpret underlying EBITDA cautiously which in our view indicates a business that is yet demonstrate sustainable operating profits at a

sufficient scale or margin[5] appropriate for its industry. The practical implication is that we do not think (underlying) EBITDA can be used for a CFME based valuation.

Outlook

69. We have been provided with a Board approved budget and longer term outlook to FY26 that indicates improvement in revenues and operating performance (excluding the InfoTrust acquisition).

70. RG 111.115 and RG 111.16 requires an expert to only use forward looking information where there are 'reasonable grounds'. Further guidance on 'reasonable grounds' is given in RG 170.25 and includes forward contracts, industry expert reports and short-term estimates.

71. On this basis we think that:

- ST1's revenue projections for retained customers and monthly recurring revenue is based upon historical rates of customer 'churn'. However growth assumptions for new customers added may lack the standard of 'reasonable grounds' for disclosure. This is not a pejorative comment on the Company or its management, but simply adherence to the standard we are required to adopt.
- ST1's current operating costs are likely to continue at similar levels.
- ST1's trajectory to improve following significant restructuring efforts and new customer growth is possible, but not certain.

72. We have therefore omitted detailed discussion of Directors forecasts in this Report. In applying our preferred valuation methodologies below, we undertook a high-level DCF cross check to value (see Section 8.2).

4.3. Financial Position

73. We set out below a summary of the financial position for ST1 as at, 30 June 2022, 2023 and 31 Dec 2023 taken from the same sources noted above.

74. We also show how we classify balance sheet lines for the purposes of our assessment:

Table 4: Statement of Financial Position

$ '000s	Notes	Jun-22 Audited	Jun-23 Audited	Dec-23 Pending Review	Classification
ASSETS					
Current assets					
Cash and Cash equivalents	a	11,733	7,024	6,678	Cash
Trade and Other Receivables		11,575	8,463	8,378	Working Capital
Inventories		4,281	2,789	2,368	Working Capital
Contract cost assets		1,222	2,313	2,146	Working Capital
Other assets		4,342	5,000	7,106	Working Capital
Total current assets		**33,153**	**25,589**	**26,676**	
Non current assets					
Contract cost assets		2,893	3,305	2,762	Working Capital
Plant and Equipment		1,415	1,003	787	Operating
Right of use asset		2,577	4,429	3,709	Operating
Intangible assets	c	78,859	77,589	77,001	Operating

[5] See Section 6.0

$ '000s	Notes	Jun-22 Audited	Jun-23 Audited	Dec-23 Pending Review	Classification
Deferred tax		4,086	5,118	6,631	Operating
Other assets		528	2,147	2,265	Operating
Total non current assets		**90,358**	**93,591**	**93,155**	
TOTAL ASSETS		**123,511**	**119,180**	**119,831**	
LIABILITIES					
Current Liabilities					
Trade and Other Payables		(15,632)	(15,329)	(16,071)	Working Capital
Lease liability		(1,661)	(1,771)	(1,442)	Operating
Provisions		(5,583)	(3,944)	(3,247)	Working Capital
Unearned revenue		(6,028)	(3,132)	(2,987)	Working Capital
Borrowings	d	-	(5,000)	(510)	Debt
Deferred consideration	e	(2,611)	-	(4,407)	Debt
Contingent consideration		(11,660)	(4,089)	-	Debt
Total current liabilities		**(43,175)**	**(33,265)**	**(28,664)**	
Non-current liabilities					
Borrowings	d	(13,000)	(20,000)	(27,490)	Debt
Convertible note	d	-	-	(4,983)	Debt
Lease liability		(1,369)	(2,673)	(2,270)	Operating
Deferred tax		(5,544)	(4,200)	(3,968)	Operating
Provisions		(583)	(2,005)	(1,979)	Operating
Unearned revenue		(422)	(467)	(348)	Working Capital
Contingent consideration	e	-	(3,437)	(1,288)	Debt
Total non-current liabilities		**(20,918)**	**(32,782)**	**(42,326)**	
Total liabilities		**(64,093)**	**(66,047)**	**(70,990)**	
NET ASSETS		**59,418**	**53,133**	**48,841**	
Classification Subtotals					
Current assets less Current liabilities	*b*	*(10,022)*	*(7,676)*	*(1,988)*	
Net Working Capital	*b*	*(3,352)*	*(1,002)*	*107*	
NWC+Operating		*74,956*	*78,635*	*80,841*	
Debt and debt like items (D&D)		*(27,271)*	*(32,526)*	*(38,678)*	
Net Debt (D&D, less cash)	*a*	*(15,538)*	*(25,502)*	*(32,000)*	

Source: Audited and unaudited accounts and MAV analysis.

75. Table 4 notes on ST1 are:

a) We regard cash as part of net debt, notwithstanding it may be required to fund short-term operating losses. The balance offsets recent increases in borrowings, including the September 2023 convertible note.

b) Current liabilities exceed current assets. Net working capital is also historically negative, although slightly positive in December. This is partly a function of the cycle of customer billings, vendor billings and unearned revenue.

c) Intangible assets include mainly goodwill and customer contracts arising mainly on recent (last 2 years) acquisitions, based upon purchase price valuation allocations.

d) Borrowings have increased with the bank loan now at $27.5 million. The covenant terms for the bank loan were renegotiated in anticipation of the InfoTrust Acquisition. Covenants include an EBITDA benchmark, net leverage ratio and net assets test. The convertible note has a face value of $5.8 million with a conversion price of 4.5 cents per share within 18 months, (9.0 cents thereafter).

e) We regard deferred and contingent consideration on prior acquisitions as a debt like item.

76. ST1 at 31 Dec 23 reported net asset position of $48.8 million which is mostly comprised of its recent historical intangible asset values less net debt.

77. We observe that the net asset position of ST1 is above the current market capitalisation of $36.4 million[6]

4.4. Share trading performance

78. We set out below the recent Share trading performance of ST1 from February 2023 to February 2024:

Chart 1 – Share price & volume

Source: S&PCapIQ

79. The chart shows a decline from the start of 2023 to a flat period around the middle of 2023, to higher level of activity and price increase towards the end of the calendar year. This has been followed by a decline more recently.

80. We set out key developments announced by ST1 alongside the share price at that date:

Table 5: Key developments

DATE	Share price	Type	Headline
07/02/24	$0.061	Follow-on Equity Offering	Filed a Follow-on Equity Offering in the amount of AUD 16 million.
07/02/24	$0.059	M&A: Transaction Announcement	Agreed to acquire InfoTrust for AUD 38.55 million
04/12/23	$0.045	Company Conference Presentation	Presents at Automic Invest 2023 investment conference
24/11/23	$0.046	Change in Company Bylaws or Rules	Approves Amended Constitution

[6] 20 February 2024

DATE	Share price	Type	Headline
24/11/23	$0.046	Annual General Meeting	Annual General Meeting, Nov 24, 2023
09/10/23	$0.053	Other Executive or Board Change	Announces the Appointment of Lynn Warneke as Non-Executive Director
29/09/23	$0.042	Private Placement	Announced that it expects to receive AUD 5 million in funding – updated 6 October 2023 increasing size of placement.
01/09/23	$0.036	Other Executive or Board Change	Announces Board Resignations
30/08/23	$0.039	Announcement of Earnings	Reports Earnings Results for the Full Year Ended June 30, 2023
08/06/23	$0.037	Other Executive or Board Change	Appoints Elie Ayoub as an Executive Director
03/03/23	$0.068	Earnings Release Date, Estimated	Expected to report First-Half, 2023 results on March 3, 2023.

Source: S&PCapIQ and MAV analysis

81. We observe that ST1's share price languished around the announcement of FY23 earnings and board changes, with some recovery following a private placement and convertible note funding in September 2023.

82. We summarise recent Share trading in the following table:

Table 6: Recent Security trading summary

Share trading summary - pre announcement	Last 20 days	Last 3 months	Last 6 months	Last 12 months	Last 20 days before 15 Dec 2023	3 months before 15 Dec 2023
$'000's Value	2,133	13,299	15,536	21,158	408	1,852
Number of shares, #'000's	32,537	223,778	270,123	396,863	9,000	36,204
VWAP per share $ whole	**$0.066**	**$0.059**	**$0.058**	**$0.053**	**$0.045**	**$0.051**
Number of shares % to total issued	**4.4%**	**30.4%**	**36.7%**	**53.9%**	**1.2%**	**4.9%**
Annualised % shares traded in period	**55.6%**	**121.5%**	**73.3%**	**53.9%**	**15.4%**	**19.7%**
VWAP total equity value $'000's	**48,316**	**43,795**	**42,386**	**39,289**	**33,437**	**37,706**

Source: S&PCapIQ and MAV analysis (at 7 Feb 2024)

83. The table shows that the number of Shares traded over the past year has been substantial at 54% of the total 736.9[7] million shares on issue. We think the above table indicates that there is a strongly liquid and active market for Shares.

84. However, we observe that 263 Finance started acquiring parcels of ST1 Shares from September 2023. Parcels were acquired by them as:

- Prior to 15 Dec 2023 a number of small purchases totalling 6.1 million Shares at an average price of 4.5 cents per Share, (ranging 4.2 cents to 4.5 cents).
- 15 Dec 2023 – 29.5 million shares at 5.0 cents per Share.
- 19 Dec 2023 – 81.3 million shares at 5.3 cents per Share.

[7] Prior to an issue of 5.3m shares on 8 Feb 2024 relating to a convertible note converted at 4.5 cents

- 15 Jan 2024 – 28.5 million shares at 6.0 cents per Share.

85. 263 Finance acquired the majority of their shares from a previous top 10 shareholder in Regal Funds Management Pty Ltd and an existing top 10 shareholder in the Diamond family. We examined the day market trading reports and observe the above significant trades were done as crossings both in the market and after market day close.

86. Therefore 263 Finance acquired 145.3 million[8] Shares at an average price of 5.3 cents per Share. This enabled them to achieve a 19.6% (pre – control) interest in ST1, followed by Kanji being appointed to the board on 31 January 2024.

87. For the purposes of our assessment, we are interested in the Pre Proposal value of ST1. We think it is possible that the Share purchases made by 263 Finance from 15 December 2023 may have influenced the Share price in the lead up to the Proposal for which they are a party to. For example, they appear to have paid a premium from 4.5 cents to 5.0-6.0 cents in advance of obtaining greater control.

88. Therefore, for comparison purposes, we have also set out the 20 days and 3 month VWAP before 15 Dec 2023. We observe that excluding 263 Finance's purchase activity, the Share price trading remains significant at an annualised turnover of 15%-20% for those periods.

89. We generally consider there is an active and liquid market when there is more than 15% of security turnover in a year, refer **Appendix 5.**

[8] Presently reduced to 139.3 million shares, as per Table 2.

MOORE

5.0 PROFILE OF INFOTRUST

5.1. Background[9]

90. InfoTrust provides a range of cyber security services including strategy, solution design, implementation, and support via its CISO Services Retainer, which allows customers to leverage an entire cyber security team.

91. The Company has grown rapidly since establishment in 2014 and now services a range of leading corporates. Headquartered in Sydney, they also have offices in Melbourne, Brisbane and Manila.

92. Revenue is divided into:

- "**Product**" sales. This is the resale of cyber security software licences from vendors such as: CrowdStrike, Mimecast, Abnormal, Netskope, Veritas and Agari. InfoTrust has achieved 'partner of the year' award status from some vendors on occasions.
- **Services**. This mainly reflects penetration testing services delivered by a team of ~ 15 staff based in Sydney.

5.2. Financial Performance

93. The historical financial information in this Section is extracted from the unaudited financial due-diligence reports on InfoTrust. The financial due diligence reports were prepared by a professional external advisor firm to ST1. Copies of those report(s) were provided to MAV on a hold harmless basis.

94. Whilst a financial due diligence does not provide the same level of comfort as an audit or assurance engagement, we believe the reports to be suitable for use in our work.

95. Based on updated actual trading to date, we include a simple 12 month projection for FY24 to aid comparability. The EBITDA amount for full year FY24 of $4.4 million aligns with Directors guidance for the full year FY24 in the ST1 announcement of the Acquisition.

Table 7: Profit and Loss.

$ '000s		FY22	FY23	FY24
(Reclassified)	Notes	Unaudited	Unaudited	Unaudited Act.+Proj.
Product		14,604	20,209	26,417
Services		2,718	3,530	5,252
Total revenue	**a**	**17,322**	**23,739**	**31,669**
Cost of sales		(11,736)	(16,699)	(22,073)
Gross profit	**b**	**5,586**	**7,040**	**9,596**
Other income		**(1)**	**(11)**	**-**
Employee benefits expense	c	(2,967)	(3,661)	(4,079)
General, IT & administration expenses		(837)	(825)	(926)
Marketing expenses		(113)	(115)	(137)
Net normalisation EBITDA adjustments		(123)	(352)	(40)
ST1 Management normalised EBITDA	**d**	**1,545**	**2,076**	**4,414**
KPI's				
Product / total revenue	*a*	*84.3%*	*85.1%*	*83.4%*
Services / total revenue	*a*	*15.7%*	*14.9%*	*16.6%*
YoY Revenue growth	*a*	*NS*	*37.0%*	*33.4%*

[9] Company materials.

$ '000s (Reclassified)	Notes	FY22 Unaudited	FY23 Unaudited	FY24 Unaudited Act.+Proj.
Gross profit / total revenue	*b*	*32.2%*	*29.7%*	*30.3%*
Employee benefits expense / total revenue	*c*	*-17.1%*	*-15.4%*	*-12.9%*
Admin & corporate expenses / total revenue		*-4.8%*	*-3.5%*	*-2.9%*
Selling & Marketing expenses / total revenue		*-0.7%*	*-0.5%*	*-0.4%*
ST1 management normalised EBITDA / total revenue	*d*	*8.9%*	*8.7%*	*13.9%*

Source: Financial due-diligence reports and MAV analysis

96. Table notes are:

a) Revenue growth has been very strong year on year in both revenue lines. "Product" cyber security software licences sales form most of the revenue (and cost of sales). Growth amongst vendor products has been uneven. Revenue from services is based on utilisation of staff and billable hours.

b) Gross margin is after product license costs and has remained somewhat stable around 30%. Differences in vendor product mix contributes to margin differences. It also includes direct labour costs of employees performing assurance and consulting services.

c) Indirect employee costs represent the largest operating cost, with some increase relating to wage increases and additional sales staff.

d) EBITDA margin improvement largely reflects the fixed nature of OPEX as sales have increased.

97. InfoTrust exhibits strong growth in both revenue and earnings. Whilst we have some caution as to the variability of earnings we think (underlying) EBITDA can be used for a CFME based valuation. We observe that Directors pegged the acquisition value of InfoTrust to EBITDA.

Outlook

98. We understand that outside of the FY24 budget, there is presently no longer term outlook for InfoTrust prepared upon 'reasonable grounds' as per paragraph 71. Directors stated they have expectations of growth.

5.3. Financial Position of ST1

99. We understand that the Acquisition is negotiated on a cash free / debt free basis. Therefore, the only material tangible assets of InfoTrust expected at completion are net-working capital items, which are included in the headline acquisition price. This price therefore represents both total enterprise value and total equity value.

100. We note from the financial due-diligence reports that the 12 months to August 2023 average adjusted networking capital balance was negative $1.6 million resulting from the timing difference from product customer invoicing / payment and vendor invoicing / payment.

101. The final Acquisition price at completion is subject to normal completion balance sheet adjustments for the actual net working capital (versus a target) and debt or debt like items on a dollar for dollar basis. For purposes of our analysis, we have assumed nil adjustments, as any completion adjustments are unlikely to be material to our opinion.

6.0 INDUSTRY OVERVIEW

6.1. Overview

102. We think that ST1 and InfoTrust operate within the Cybersecurity Software Services industry.

103. IBISWorld publishes data on this industry[10].

Table 8: IBISWorld Summary of industry performance.

Industry	Historical growth 5 years	2023 Industry Total Revenue	Profit margin	Outlook growth 5 years
Cybersecurity Software Services in Australia	Revenue growth 6.1% Profit growth -13.5%	$2.0 billion	6.3%	Revenue growth 4.8%

104. Industry key trends and participants:

Key Trends

- COVID-19 caused more businesses to adopt remote working practices. Corporations have been spending more on cybersecurity software as a result, hiking up revenue.
- Consumers are now more aware of cybersecurity's importance. Large foreign companies are using free antivirus software to compete with industry providers, lifting competition.
- More complex technology is set to increase how many cyberattacks occur. Businesses will be spending more on advanced cybersecurity measures to protect their data.
- High-profile data breaches are increasing concerns about data security. Consumers will be demanding new forms of protection, encouraging industry expansion.

Product segmentation

- Anti-virus software 36%
- VPN Services 29%
- Authentication and data encryption 26%
- Other cybersecurity services 9%
- Major participants:
- Data#3
- Accenture Australia
- Trend Micro
- DXC Technology

6.2. Industry remarks

105. Given the above, we observe that the macro conditions for cyber security businesses are likely positive.

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10 IBISWORLD INDUSTRY REPORT OD5549 Cybersecurity Software Services in Australia Aug 2023.

106. We acknowledge that some of the IBISWorld reporting relates to activities that are beyond what ST1 and InfoTrust focus on. We have also considered market activity more directly related to cyber security.

CyberCX

107. To this end, we are aware of CyberCX, a private company presently owned by private equity firm BGH Capital. Recent news[11] reports state that CyberCX has made seventeen cyber consulting business acquisitions since 2019 and has earnings around $75.0 million with 1,400 staff. It is considering a near term exit to strategic buyers which "could fetch a $1.5 billion enterprise value" (or 20.0x earnings). Whilst we are cautious in placing too much weight on unconfirmed news reports, this tells us:

- There is likely demand for cyber security businesses. This is positive to ST1 and InfoTrusts value.
- However it also indicates competition to acquire businesses like InfoTrust. This may be negative to ST1 value if they do not acquire InfoTrust or may lead ST1 to pay higher valuations.
- Private equity targets high exit values for profitable high growth businesses.

108. We were unable to source any verifiable public data on the valuation metrics for the actual individual acquisitions CyberCX have made, but in our experience, are likely much less than any target exit values.

Tesserent[12]

109. In October 2023, Tesserent Limited (**TNT**), a formerly ASX listed Cyber technology services firm was acquired by Thales Australia Holdings Pty Ltd (**Thales Australia**) by way of scheme of arrangement.

110. The transaction valued the equity of TNT at $176.0 million, or 13.0 cents per TNT share. The Independent Expert for TNT, Lonergan & Associates (**Expert**), valued TNT on a control basis at 9.8 to 10.9 cents per TNT share. Therefore the premium offered by Thales over the assessed fair value was 19% to 33% (26% on average). In the Experts view, TNT was undervalued by the market, such that the premium offered by Thales was even higher than the recent minority (VWAP) prices for TNT.

111. The Expert primarily valued TNT on a control basis using a CFME method using an EBITDA multiple range of 10.0x to 11.0x times, applied to EBITDA earnings of $19.0 million.

112. In our view this transaction also confirms that Cyber businesses are attractive and may command a premium in value upon take-over.

113. Our valuation and assessment of the Proposal does not greatly depend on any further industry analysis.

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[11] AFR: Strategics stalk $75m-a-year CyberCX; BGH in softly, softly approach – 11 Feb 2024
[12] TNT Scheme Booklet dated 15 Aug 2023

7.0 VALUATION METHODOLOGIES

7.1. Available methodologies

114. The following summarises the various methodologies we have considered:

- **Market Based:** Business value or equity is determined by reference to comparable market buy/sell transactions or quoted market prices (**QMP**) if it is listed on an exchange or recent capital transactions.
- **Income Based:** Value is determined by reference to capitalised future maintainable earnings (**CFME**) or discounted cash flows (**DCF**) derived by the business.
- **Asset Based**: Value is determined by reference to the sale or realisable proceeds of individual assets or groups of assets in an entity.

115. We provide more details of the available valuation methodologies in **Appendix 2** of this Report.

7.2. Selected methodology for ST1 and InfoTrust

Market Based Value

116. ST1 is a listed public company. In our view, the share price likely reflects and liquid and active market and therefore can be used (with certain considerations) as a guide to value - see Section 4.4.

117. InfoTrust is an unlisted private company for which there is presently no actively traded share price.

Income Based Value

118. For ST1, we think the earnings based CFME method is not appropriate due to historical losses. Normalised ‘underlying EBITDA” is still low or too uncertain to be meaningful in a CFME estimate.

119. For InfoTrust, we think a CFME method is appropriate based upon their normalised earnings.

120. As indicated in paragraph 73, for ST1 we also undertook a high level DCF based cross check.

Asset Based Value

121. Both ST1 and InfoTrust are service style operating businesses with few tangible assets employed. In such circumstances, we think an asset based approach is unlikely to give a meaningful guide to value.

122. However, given that ST1 intangible assets values have arisen on relatively recent acquisitions (see Table 4), we compare the book value of net assets as a high level cross check.

8.0 VALUATION OF ST1 PRE PROPOSAL

8.1. Quoted market price approach

123. We have assessed the Pre Proposal value of ST1 at all ranges using a quote price market approach:

Table 9: Pre Proposal value of ST1

$ '000s or $ per share ST1 Value method	ref	Low VWAP low	Mid VWAP mid	High VWAP high
Equity value VWAP market cap	**Tbl.6**	**33,437**	**43,795**	**48,316**
Plus control Premium %		25%	10%	5%
Plus control Premium $		8,359	4,379	2,416
Less unavoidable transaction costs		(200)	(200)	(200)
Equals Pre Proposal FMV Total Value on a control basis		**41,596**	**47,974**	**50,531**
Pre Proposal shares outstanding ('000's)		742,271	742,271	742,271
Equals Pre Proposal FMV share value on a control basis ($ per ST1 share)		**$0.056**	**$0.065**	**$0.068**

Opening equity value VWAP market capitalisation

124. Our analysis of ST1 share trading performance and the suitability of using VWAP prices is set out above in Section 4.4. In our view VWAP prices better reflect market value than day-end spot prices. The opening VWAP equity prices are taken from Table 6. At the low range, we have used the 20 day VWAP calculated before 15 Dec 2023 of 4.5 cents per Share. This period is after ST1 Annual General Meeting[13] and the September 2023 convertible note funding and placement and includes small parcels of shares acquired by 263 Finance at around that price. The period is before 263 Finance acquired significant parcels of Shares. In our view 20 day VWAP is more current than the 3 month period before 15 Dec 2023 as that includes trading before the AGM. The mid-range value reflects the 3-months VWAP before the announcement of the Acquisition & Placement. The high-range value reflects the last 20-day VWAP before the announcement of the Acquisition & Placement.

125. The VWAP prices represent a liquid minority value.

Premium for control

126. A premium for control can be defined as an amount or a percentage by which the pro-rata value of a controlling interest exceeds the pro-rata value of a non-controlling interest in a business enterprise, to reflect the power of control. The requirement for an explicit valuation adjustment for a control premium depends on the valuation methodology and approach adopted.

127. This valuation is based on the quoted price market methodology. A quoted price is generally thought to represent a minority value. Therefore, we have included a control premium.

128. Various empirical studies, including the RSM control premium study[14] calculate observed premiums paid in takeovers to be in the order of 22%-35%. This is based upon empirical studies conducted on successful takeover offers and schemes of arrangement completed between 2005 and 2020 for companies listed on the ASX. We have also considered other empirical control premium studies and

[13] On 24 November 2023.
[14] https://www.rsm.global/australia/report/control-premium-study-2021

authorities[15] that consider international markets. KPMG's 2019 valuation practices survey (not an empirical study) notes premiums for control adopted in the range of 14-34%.

129. A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 - \left(\frac{1}{1+control\ premium}\right)$. Therefore, a control premium of 14%-35% referred to above represents a Discount for lack of Control (**DLOC**) of 12%-26% that could be applied to value a non-controlling interest.

130. As noted in Section 4.4, 263 Finance acquired significant parcels of shares from 15 Dec 2023 onwards, at 5.3 and 6.0 cents per share, which was already at a premium to the smaller pre-15 Dec 2023 purchases averaging 4.5 cents per share. Put another way, 263 Finance paid 18% and 33% more in the latter purchases.

131. For this reason, we have adopted a 25% control premium at the low range, and lower 10% and 5% control premiums at the mid and high range.

Unavoidable transaction costs

132. The unavoidable transaction costs are estimated by the ST1 and comprise the cost of this Report, legal costs and other minor costs.

Shares outstanding

133. Pre Proposal ST1 has 742.3 million Shares outstanding taken from Table 2.

Pre Proposal value per ST1 share

134. The Pre Proposal value therefore ranges 5.6 cents to 6.8 cents per Share on a control basis.

8.2. Cross checks

DCF

135. As stated from paragraph 70, management provided us with an updated budget and projection to FY26 that indicates improvement in revenue and operating performance (excluding the InfoTrust Acquisition). We also took into consideration the year 1-3 average revenue growth rates disclosed in Note 16 of the FY23 Annual Report of 11-14% for our projection.

136. We formed our own view and tapered growth rates down for years 4 and 5 out to FY29. We then applied a constant gross margin of 48% and other operating costs increasing with inflation at 3%.

137. In adopting a post-tax discount rate of 13.5% (consistent with the FY23 Annual Report) we estimate an equity value that is above the VWAP market values on a control basis set out in Table 9. However, the DCF derived value is very sensitive to revenue growth and the discount rate. A sensitivity of just 3% lower annual revenues than projected and an increase in the discount rate to 14% results in a $49.1 million DCF equity value that aligns with our values.

138. Given uncertainty of revenue projections, we are comfortable that the VWAP market prices may understate value pending demonstration of actual performance improvement. In any case, given our evaluation below, we do not think a higher estimate of Pre Proposal value would change our opinion.

Net assets

139. We observe that the 31 Dec 2023 reported net asset value of ST1 of $44.2 million (which reflects a control value) falls slightly below the range of values set out in Table 9. Whilst the net asset value largely reflects historical intangible assets arising on fairly recent acquisitions, less debt, we think it is reasonable to be lower than our current preferred mid-range fair value.

[15] Mergerstat, & Pratt "Discounts & Premiums, 2nd edition

MOORE

9.0 VALUATION OF INFOTRUST

9.1. CFME approach

140. We have assessed the value of InfoTrust using a CFME approach set out in the following table:

Table 10: Pre Proposal value of InfoTrust

$ '000s or $ per share InfoTrust Value method	ref	Low CFME	Mid CFME	High CFME
Normalised EBITDA	Tbl.7	4,414	4,414	4,414
With potential ST1 synergies		-	700	1,400
Adjusted EBITDA		4,414	5,114	5,814
Multiple		5.7x	7.4x	9.2x
Equals Pre Proposal FMV Equity Value on a control basis		**25,023**	**38,045**	**53,547**
Actual deal equity value		*34,600*	*34,600*	*34,600*
Implied multiple		*7.8x*	*6.8x*	*6.0x*

Normalised & adjusted EBITDA

141. This is taken from Table 7 and aligns with Directors full year FY24 guidance given in the Acquisition announcement.

142. We have not adopted a range of values for EBITDA as the recent growth achieved by InfoTrust appears to be supported by a step change in additional vendor products sold.

143. The Directors announcement referred to potential synergies accruing to ST1 resulting from the acquisition from FY25 of up to $1.4 million. As the timing and realisation of synergies can be uncertain, we have adopted nil, half and full synergies at the Low, Mid and High ranges respectively.

Multiple

144. We researched comparable company and comparable deal multiples as set out in **Appendix 6.** We were unable to source exactly comparable to InfoTrust data, and therefore selected companies in a similar industry profile.

145. After adjusting for control premiums and size (see Appendix 6) we estimate a range of EBITDA multiple values as shown in the table above. The low range of 5.7x was taken from the Australian deal comparables values. The high range of 9.2x was taken from the Australia public company comparables. The mid-range of 7.4x reflects the mid-point between those values. We observe that per the Directors announcement, the headline consideration is 7.8x the stated EBITDA (before synergies) which is similar to our mid-range value. In our view it is appropriate that the multiple is lower than then 10.0x -11.0x range cited in the TNT Scheme booklet, as that represented a much larger business and transaction, (see para 109).

146. We acknowledge that the range of values is broad so as to test if our opinion changes at different levels.

Pre Proposal value InfoTrust value

147. Table 10 shows the InfoTrust Pre Proposal control value ranges from $25.0 million to $53.5 million with a preferred value centred around $38.0 million including potential synergies for ST1.

9.2. Cross check

148. As indicated, we are satisfied that the mid-range value aligns with the negotiated deal value of $34.6 million (plus synergies). We understand that negotiations were extensive and hard won.

10.0 VALUE OF ST1 POST PROPOSAL

10.1. Approach

149. We have assessed the Post Proposal value of ST1 derived from our Pre Proposal calculations for ST1 and InfoTrust in Sections 8 and 9 above plus other effects of the Proposal:

Table 11: Post Proposal ST1 value

$ '000s or $ per share ST1 Post Proposal	ref	Low	Mid	High
Pre Proposal ST1 FMV on a control basis	Tbl.9	41,596	47,974	50,531
Pre Proposal InfoTrust FMV on a control basis	Tbl.10	25,023	38,045	53,547
Residual funds from the Placement after paying for InfoTrust		2,000	2,000	2,000
Less InfoTrust deferred consideration liability	s.2.2	(6,600)	(6,600)	(6,600)
Less avoidable transaction costs		(700)	(700)	(700)
Equals Post Proposal FMV on a control basis		**61,318**	**80,720**	**98,778**
Less discount for minority interest		(12,264)	(7,338)	(4,704)
Equals Post Proposal FMV on a minority basis		**49,055**	**73,382**	**94,075**
Pre Proposal ST1 shares outstanding ('000's)	Tbl.2	742,271	742,271	742,271
ST1 shares issued to InfoTrust shareholders ('000's)	Tbl.2	304,348	304,348	304,348
ST1 Shares issued to for Placement ('000's)	Tbl.2	320,000	320,000	320,000
Post Proposal shares outstanding ('000's)		**1,366,619**	**1,366,619**	**1,366,619**
Equals Post Proposal FMV ST1 share value on a minority basis ($ per share)		**$0.036**	**$0.054**	**$0.069**

Pre Proposal control values

150. This is taken from Tables 9 and 10 above.

Residual funds from the Placement

151. As set out in Section 2, the Placement is for $16.0m, however the cash on completion amount payable to the vendors of InfoTrust is $14.0 million. Therefore, the residual of $2.0 million from the Placement is available to pay transaction costs and for net working capital.

Deferred consideration liability

152. Under the terms of the Acquisition, $6.6m is payable in cash to the vendors of InfoTrust between 6 and 18 months following completion (see Section 2.2). As there are no 'earn-out' like conditions we regard this as a vendor finance arrangement and a liability in full for ST1.

Avoidable transaction costs

153. These are as estimated by Directors based upon fees payable to the broker and co-manager for arranging the $16.0 million Placement. These fees are only payable if the Placement proceeds.

Minority Discount

154. A discount for minority interest is required on a post Proposal basis as we think this best reflects the interests of ST1 Non-Associated Shareholders. We have selected the inverse of the control premiums discussed at paragraph 127.

Shares outstanding

155. We have taken ST1's Shares outstanding of 742.3 million plus the 304.3 million shares offered to InfoTrust vendors and 320.0 million shares issued for the Placement taken from Table 2.

Post Proposal value

156. The post Proposal value therefore ranges 3.6 cents to 6.9 cents per ST1 Share on a minority basis, with a preferred mid-range value of 5.4 cents.

11.0 EVALUATION

11.1. Quantitative (fairness) assessment

157. We summarise our quantitative assessment in the table below:

Table 12: Fairness

$ per share Fairness assessment	ref		Low	Mid Preferred	High
Comparison to the Placement price					
ST1 Pre Proposal FMV share value on a control basis ($ per ST1 share)	Tbl.9		$0.056	$0.065	$0.068
Placement price offered	s.2.0	$	0.050	$0.050	$0.050
Higher = Fair / (Lower = not fair)		**-$**	**0.006**	**-$0.015**	**-$0.018**
Evaluation			**Not Fair**	**Not Fair**	**Not Fair**
Comparison of the position of ST1 shareholders Pre and Post Proposal					
ST1 Pre Proposal FMV share value on a control basis ($ per ST1 share)	Tbl.9		$0.056	$0.065	$0.068
ST1 Post Proposal FMV share value on a minority basis ($ per ST1 share)	Tbl.11		$0.036	$0.054	$0.069
Higher = Fair / (Lower = not fair)		**-$**	**0.020**	**-$0.011**	**$0.001**
Evaluation			**Not Fair**	**Not Fair**	**Fair**

158. We estimate that the Placement price of 5.0 cents per share is lower than the Pre Proposal ST1 share price on a control basis under the Proposal at all ranges shown. Our preference is at the mid-range value. We also observe that the Placement price of 5.0 cents is lower than the 5.3 cents average price 263 Finance paid to acquire its interests in ST1 to date (paragraph 85).

159. We also estimate that the Post Proposal minority value of ST1 shares is lower than the Pre Proposal value on a control basis at the low and mid ranges shown. It is marginally fair at the high range, assuming a higher value for InfoTrust than the actual deal value. This could occur if ST1 as a whole is re-rated by the market in value as a cyber business. However, our preference is at the mid-range value.

Fairness opinion

160. We are most persuaded by the comparison of the Placement price at the Mid values. As the Placement offer price of 5.0 cents per share is lower than the Pre Proposal control value of ST1 share price, we conclude that the Proposal is **Not Fair** to the Non-Associated Shareholders.

161. We are less persuaded by the comparison of the ST1 share price Pre and Post Proposal, as that is not the primary form of analysis required for approval under Act. Nevertheless, that assessment also indicates the Proposal is not fair at the preferred mid-range, partly due to the additional effects of the Acquisition share price of 4.6 cents being lower than the Placement price.

11.2. Qualitative (reasonableness) assessment

162. We summarise the advantages and disadvantages of the Proposal and also any alternatives to the Proposal if it is not approved:

Advantages of the Proposal	• The Placement is faster to complete and provides certainty over total funds raised compared with alternatives.

- Therefore the Placement will facilitate timely completion of the InfoTrust Acquisition, including funding further transaction costs and net-working capital.
- The InfoTrust Acquisition is expected to be complimentary to ST1's present offering in terms of geography and vendor partners. Directors expect this to result in synergies accruing to ST1.
- The InfoTrust Acquisition will result in ST1's Cyber division becoming its largest (core) division. This may have a positive impact if the market re-prices ST1 as a 'cyber' business overall, given recent market transactions (refer Section 6.2).
- Directors state InfoTrust's owners will join and strengthen the ST1 board and management of the Cyber division.

Disadvantages of the Proposal

- The Placement Price and the Proposal overall is not fair at the low and our preferred mid-range. The Proposal overall may be marginally fair at the high range.
- Whilst the Placement of its own does not change the board composition given Kanji is already a Director, the addition of directors from InfoTrust will change the board composition. However, Directors state that Mr Shan Kanji and 263 Finance have confirmed they support the ST1's current management, strategic direction, and business activities.
- The avoidable transaction costs associated with the Proposal.
- Increased concentration of substantial holdings which may reduce relative liquidity of ST1's shares. This may also make ST1 a less attractive takeover target as any takeover proposal would require 263 Finance and the InfoTrust vendors support.

If the Proposal is NOT approved

- Directors state there are no other Acquisition deal structures or funding mechanisms as readily available as the Proposal. By way of further detail:
  - The vendors of InfoTrust were unwilling to accept any more ST1 shares as consideration.
  - ST1's bank, whilst remaining supportive will not extend current facilities.
  - The recently issued convertible note holders are unable to extend further funds.
  - Given the current Share price and H1FY24 results, Directors think that a rights issue would not provide the funding certainty required for the Acquisition and likely be priced at a lower price than the Placement so as to encourage broad shareholder participation. Directors also state that such a placement would likely incur higher transaction costs than the current Proposal.
- The Directors advise that if the Proposal is not approved, then the InfoTrust Acquisition will not proceed and the opportunity to strengthen

the business towards Cyber will be more difficult, slower and potentially more costly.

- If the Acquisition does not proceed, a $0.2 million break fee is payable by ST1 to the vendors of InfoTrust.
- There is an increased risk that ST1 may not meet recently renegotiated covenant terms with its bank, which were based upon the Acquisition proceeding. Directors state that that if the Proposal does not proceed, the bank will require $8.0 million of the current loan to be repaid. This would require additional equity funds to be raised or assets to be divested, likely at terms less favourable than the current Proposal.

163. In our opinion the position of ST1 Shareholders is more advantageous Post Proposal than Pre Proposal and therefore the Proposal is reasonable to ST1 Non-Associated Shareholders. We are mostly persuaded by the better overall prospects for ST1 if the Acquisition (and therefore the Placement) proceeds than what may occur if it does not.

11.3. Summary of Opinion

164. On the balance of the above matters considered, we think that the Proposal is **Not Fair but Reasonable** to the Non-Associated shareholders of ST1.

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APPENDIX 1 – SOURCES OF INFORMATION

- ST1 NoM and explanatory materials.
- Share Purchase Agreement between ST1 and InfoTrust.
- Audited FY23 Annual Reports for ST1. Draft H1FY23 Financial Report for ST1.
- ST1 prepared FY24 to FY26 Base Case financial model.
- Financial Due Diligence reports prepared by a professional external advisor commissioned by ST1 on InfoTrust.
- Company announcements, emails and discussion with ST1 management.
- S&PCAPIQ, Merger Market and other sources listed throughout the Report.

APPENDIX 2 – OVERVIEW OF VALUATION METHODOLOGIES AND PRINCIPLES

Type	Method	Description	When method used
Income Approaches	**Discounted Cash Flow**	The Discounted Cash Flow (**DCF**) method derives the value of a business on a controlling basis based on the future cash flows of the business discounted back to a present value at an appropriate discount rate (cost of capital). The discount rate used will reflect the time value of money and the risks associated with the cash flows. • The DCF Method requires: • Forecasting cash flows over a sufficient long period (at least 5 years and usually 10 years) • Assessing an appropriate discount rate (typically derived using judgment and aids such as the Capital Asset Pricing Model (CAPM)). The cost of equity (Ke) can be built up from first principles or benchmarked against comparable companies (“Co-Co”) or transactions (“Co-Tran”), and • Estimation of the terminal value (value of the business into perpetuity) at the end of the period (typically derived using the capitalisation of earnings method).	Reasonably accurate forecast cash flows (minimum 5 years). Earnings or cash flows expected to fluctuate from year to year. Business is in start-up or turn around phase. Specific projects that have a finite or infinite life, for example, mining projects.
	Capitalisation of Maintainable Earnings	The Capitalisation of Maintainable Earnings (CME) method is the most commonly used valuation method. It involves the application of a capitalisation multiple to an estimate of the Future Maintainable Earnings (FME) of the business. The FME must be maintainable by the business and must not include one-off gains or losses. The capitalisation multiple will reflect the risk, time value of money and future growth prospects of the business. The appropriate capitalisation multiple is determined with reference to the observed multiples of entities whose businesses are comparable (“Co-Co”) to that of the business being considered and/or comparable transactions, (“Co-Tran”).	The business has a history of profits with a reasonably consistent trend and that trend is expected to continue. The business has an indefinite life. Cash flow forecasts are not available.

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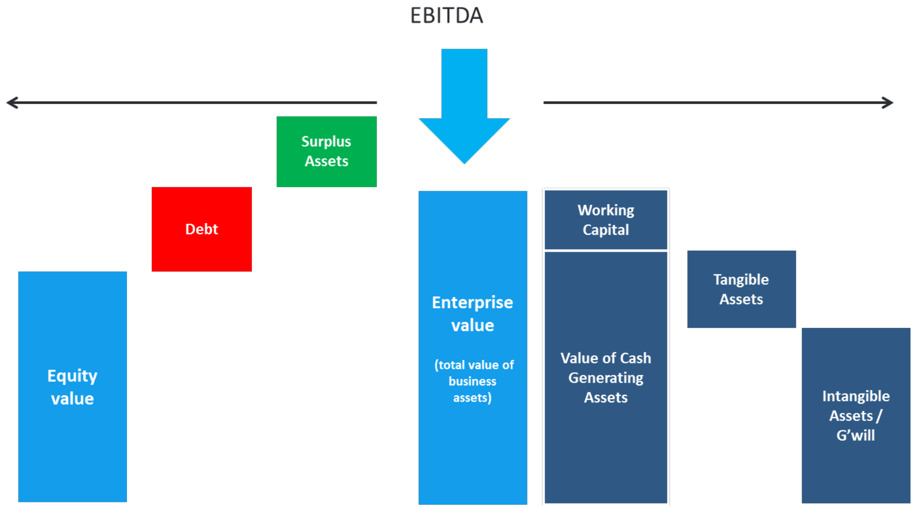
Type	Method	Description	When method used
	Capitalisation of Dividends	This method involves the capitalisation of forecast future maintainable dividends. The maintainable level of dividends is estimated by assessing the expected level of future maintainable earnings and the dividend policy of the entity. The appropriate capitalisation rate reflects the investor's required rate of return.	Valuation is for a minority interest. Stable business. High payout ratios.
	Yield Based	This method is primarily used for property assets and involves capitalising forecast distributions by an estimated future maintainable yield. The yield or rate is determined based on analysis of comparable entities.	Commercial or investment properties including retail, industrial and commercial.
Market Approach	**Market**	This method values a Group bases on the traded prices of its equity on a public market/exchange. The approach can adopt the prevailing spot rate of the entity's securities at valuation date or the Volume Weighted Average Price (VWAP over a set trading period i.e. the preceding 20, 60 or 90 trading days to the valuation date). In the absence of market data specific to the entity, the market approach can also be used by examining market values for comparable companies ("Co-Co") or comparable transactions ("Co-trans"). Comparable transactions may be observed as being based upon a widely used industry practice such as a multiple of revenue instead of earnings.	Group's equity is listed on public market/exchange i.e. ASX. Securities in the entity are actively traded on the market/exchange. As above for comparable companies or transactions
Asset Approach	**Asset Based**	Asset based valuation involve separating the business into components that can be readily sold, such as individual business units or items of plant and equipment, and ascribing a value of each component based on the amount that could be obtained if sold. The asset value can be determined on the basis of: • Orderly realisation • Liquidation • Going concern	Asset rich entities For wind-up or realisation value

Type	Method	Description	When method used
Asset Approach	**Cost approach**	The value of an asset determined by: Reproduction cost less depreciation (in basic terms, the cost of replicating functionality). Reproduction cost (in basic terms, the cost of recreating the asset).	The cost-based approach can be used to derive market value where market or income factors are difficult to obtain or estimate with reliability (for example, for some intangible assets).

Valuation Principles



In adopting an income approach, a multiple of EBITDA or a DCF of cash flows is typically used to determine Total Enterprise Value (TEV), which represents the total value of the net business assets. Any excess over tangible and identified intangible assets (moving right in the diagram above) represents goodwill.

Moving left in the diagram, adjustments are made to TEV to add surplus assets (e.g. cash) and deduct debt so as to determine equity value. Surplus assets are any assets that are not required to generate the business's earnings or cash flows.

Further discounts may be applied to equity to determine a minority or illiquid value.

APPENDIX 3 – QUALIFICATIONS, INDEPENDENCE, DECLARATIONS AND CONSENTS

Statement of Qualifications, Independence, Declarations and Consents

Qualifications

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) is a Melbourne based accounting, audit and business advisory practice and is a licensed investment adviser within the terms of the Corporations Act 2001. Moore is an independent practice and a member of Moore International. Moore International is a national and international association of separate accountant and advisor entities represented in all capital cities of Australia and with 266 member firms operating in 112 countries worldwide.

The AFSL licence (No 247262) allows Moore to act for clients only in the capacity of providing reports in relation to certain corporate transactions or to provide general financial product advice on certain classes of financial products. Senior directors at Moore Stephens specialise in such advice and regularly perform corporate and asset valuations and advice on company restructures, acquisitions and Proposals. Moore Stephens Audit (Vic) is affiliated with Moore Stephens and, acting through different directors, also performs audits on the accounts of Australian companies.

The primary persons responsible for preparing this Report on behalf of Moore are Mr Colin Prasad (B.Com ACA and BVS) (with the assistance of staff), who has a significant number of years of experience in relevant corporate matters including valuations, independent expert reports and investigating accountant engagements.

Independence

Moore considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC relating to independence of experts and has developed and issued an opinion and report on an unbiased basis.

Moore and its related entities or any of its Directors have not had within the previous two years, any shareholding in the Company. During the 2 years period to this report Moore and its related entities have not provided any professional services to the Company or any related parties to the Company.

None of Moore, Mr Colin Prasad, nor any other member, director, partner or employee of any of Moore has any interest in the opinion reached by Moore except that we are entitled to receive professional fees for the completion of this Report based on time incurred at normal professional rates. Our fee for the preparation of this report is $45,000. With the exception of these fees no parties will receive any other benefits, whether directly or indirectly, for or in connection with issuing this Report.

Disclaimers

This Report has been prepared at the request of the Directors of the Company and was not prepared for any other purpose than stated in this Report in Section 3. This Report has been prepared for the sole benefit of the Directors and the Non-associated Shareholders of the Company. This Report should not be used or relied upon for any purpose other than as set out in Section 3. Accordingly, Moore expressly disclaims any liability to any person (other than the Directors or Non-associated Shareholders of the Company) who relies on our Report, or to any person at all who seeks to rely on the Report for any other purpose not set out in Section 3.

Appendix 1 identifies the sources of information upon which this Report has been based. To the extent we have used historical information we are entitled to rely upon the information. Any forecast information which has been referred to in this Report has been prepared by the relevant entity and is generally based upon best estimate assumptions about events and management actions that may or may not occur. Accordingly Moore cannot provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. Whilst (unless stated otherwise in the Report) Moore has no reason to believe that such information is not reliable and accurate, it has not caused such information to be independently verified or audited in any way. Inquiry, analysis and review have brought nothing to our attention to indicate a material misstatement, omission or lack of reasonable grounds upon which to base our opinion.

The opinions given by Moore in this Report are given in good faith, based upon our consideration and assessment of information provided to us by the Directors and executives of the parties to the Proposal; and in the belief on reasonable grounds that such statements and opinions are correct and not misleading, (unless otherwise stated in the Report). This Report has been prepared with care and diligence.

Advanced drafts of this Report were provided to the Directors of the Company. Minor changes for factual content were made to this Report. There was no alteration to the methodology or conclusions reached as a result of discussions related to drafts of the Report.

Moore's opinion is based on prevailing conditions at the date of this Report including market, economic and other relevant circumstances. These can change over relatively short time period and any subsequent changes in these conditions in the value either positively or negatively.

Indemnity

The Company has agreed that it will indemnify Moore and its employees and officers in respect to any or all losses, claims, damages and liabilities arising as a result of or in connection with the preparation of this Report, except where the claim has arisen as a result of wilful misconduct or negligence by Moore.

Consent

This Report has been prepared at the request of the Company and may accompany materials to be given to shareholders.

Moore consents to the issuing of this Report and the form and context to which it is to be included with the materials. Other than the Report, Moore has not been involved in the preparation of the documents or other aspects of the Proposal or the materials to which this Report may be attached. Accordingly, we take no responsibility for the content of those materials or the Proposal as a whole. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without prior written consent of Moore as to the form and context to which it appears.

APPENDIX 4 – MOORE AUSTRALIA (VIC) PTY LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide forms part of the Independent Expert Report.

Moore Australia (Vic) Pty Ltd (ABN 17 386 983 833) (**Moore**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Moore has been engaged by the Company to provide an Independent Experts Report (the **Report**) for inclusion with materials to be sent Shareholders.

The Corporations Act, 2001 requires Moore to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Moore does not accept instructions from retail clients. Moore provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Moore does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Moore is only responsible for this Report and this FSG. Moore is not responsible for any material publicly released by the Company in conjunction with this Report. Moore will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Moore's client is the Company to which it provides the report. Moore receives its remuneration from the Company. For this Report and other services, Moore will receive a fee based upon normal professional rates plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Moore or other associated entities may receive partnership distributions, salary or wages from Moore. Moore and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Moore has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of Section 912B of the Corporations Act 2001.

Moore has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us in writing to Mr. Kevin Mullen, Moore Australia (Vic) Pty Ltd, Level 44, 600 Bourke Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

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APPENDIX 5 – ARTICLE ON SHARE TURNOVER

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WHEN IS SHARE TRADING LIQUID ENOUGH FOR IER VALUATION

By Colin Prasad

Independent Expert Reports (IERs), or "fair & reasonableness" reports require a valuation of the subject Company. When we write an IER we consider if we can use a listed company's share price as a valuation method. But there needs to be an "active and deep liquid market" for it to be a meaningful guide to value.

In deciding this we examine share turnover ratios. A share turnover ratio is the volume of a company's shares traded over a period, as a proportion of the number of total shares on issue. We look at this for a subject Company on both a share trading volume and weighted by value basis.

But what is usually considered a reasonable level of share volume turnover liquidity in a listed company?

For this example, we calculated the annual share turnover ratio of every ASX-listed stock in FY23. The market cap weighted average turnover of the whole market was 81%. This means that 81% of the total shares on issue was turned over in a single year.

We expected this to be less than 100% given that superannuation funds and other institutional investors tend to hold a significant portion of listed shares for the longer term. For example, FY23 stock turnover by large but popular stocks was:

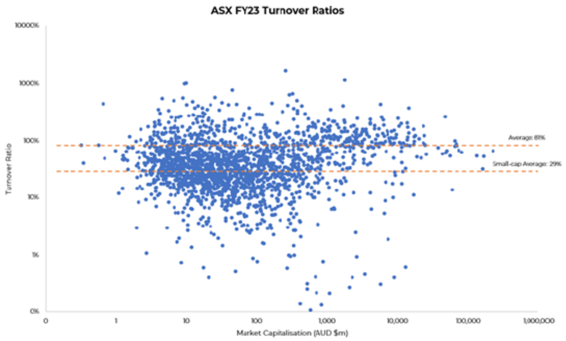
- BHP 67%
- CBA 53%
- CSL 55%
- WES 55%
- TLS 67%

Companies with very high (> 100% turnover) tend to be funds (e.g. "BetaShares") and resources companies with (presently) exposure to critical metals or batteries. (e.g. ASX:PMT Patriot Battery Metals).

Companies with less than 20% share volume turnover consisted of a mix of resources companies and industrials of varying market capitalisation. They shared no obvious characteristics, other than perhaps being closely held or unattractive. Macquarie Technology Group (ASXMAQ) had just 18.2% turnover with a market cap of $1.6 billion and is an example of a closely held company.

We also calculated the same for small-cap shares with <$100m market capitalisation. The share volume turnover ratio dropped significantly to just 29% for FY23 for these companies.

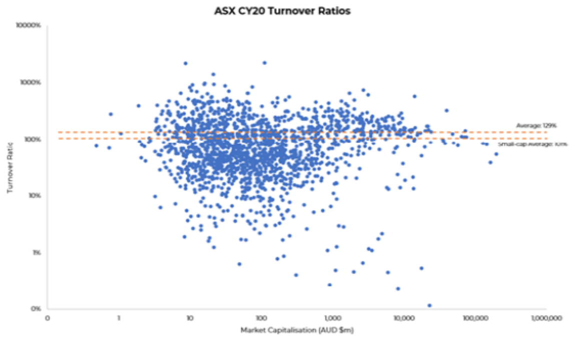
FY23 Chart – Share turnover % vs Market capitalisation. Note a Log scale is used due to the breadth of data.



Source: S&PCapIQ

Interestingly, we calculated the same for the 2020 calendar year, which experienced heightened economic (COVID-19) instability. The annual share turnover was much higher, both for all ASX-listed companies at 129%, and for small-cap stocks at 101%. This demonstrates how much large scale market selloffs and rallies can skew the apparent turnover of shares.

CY2020 Chart – Share turnover % vs Market capitalisation (log scale).



Source: S&PCapIQ

At Moore Australia, we tend to write IER's on companies with smaller market capitalisations. I view CY2020 data of 101% as abnormal and FY23 data of 29% as more usual.

Therefore, on balance, I think that share trading turnover volumes below 15% would indicate some concern on the reliability of using the share price as a guide to value.

Of course, there are other factors to consider when determining whether a stock is liquid, including:

- Buy/sell spreads (market depth),
- Ownership and the level of free float,
- Size or pattern of trades in the period. For example if trading activity was isolated to a few big trades or was spread throughout the year.

Whilst a share with a trading turnover volume of below 15% means that we probably can not use the share price as a guide to value, we still should not ignore it outright. It just means that we would likely adopt another valuation approach as our primary approach, (e.g. an income or asset based method). If that approach was significantly different from the implied market capitalisation, it may cause us to consider whether our primary approach is plausible, or if there are other reasons for the difference.

Therefore, our expertise and judgement as the valuer is required for the circumstances. There may not always be a firm answer on where the 'cut-off' on share turnover liquidity sits.

If you would like to discuss this further, Moore Australia has valuation experts across the network. Please contact us today to find out more.

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APPENDIX 6 – COMPARABLE DATA

Public Company data - Source: S&PCapIQ and MAV analysis

Company	Ticker	Industry	Country	Market Cap $m	TEV $m	LTM Revenue $000s	LTM EBITDA $000s	Revenue Multiple	EBITDA Multiple
5G Networks Limited	ASX:5GN	Internet Services and Infrastructure	Australia	62	103	96,138	7,362	1.1x	9.2x
Atturra Limited	ASX:ATA	IT Consulting and Other Services	Australia	260	231	178,331	17,458	NA	NA
Data#3 Limited	ASX:DTL	IT Consulting and Other Services	Australia	1,511	1,131	2,560,700	52,134	0.4x	20.2x
Excite Technology Services Limited	ASX:EXT	Systems Software	Australia	11	11	6,835	(3,452)	1.2x	NM
Hubify Limited	ASX:HFY	Integrated Telecommunication Servi	Australia	9	4	25,792	2,719	0.2x	1.4x
Macquarie Technology Group Limited	ASX:MAQ	Internet Services and Infrastructure	Australia	1,704	1,779	345,061	79,569	5.2x	20.4x
Netlinkz Limited	ASX:NET	Application Software	Australia	16	22	20,671	(10,864)	1.1x	NM
Qoria Limited	ASX:QOR	Systems Software	Australia	269	283	82,429	(61,612)	3.4x	NM
WhiteHawk Limited	ASX:WHK	Systems Software	Australia	5	4	4,637	(2,136)	NA	NA
NCC Group plc	LSE:NCC	IT Consulting and Other Services	UK	744	906	596,248	58,361	1.5x	15.7x
Unisys Corporation	NYSE:UIS	IT Consulting and Other Services	USA	730	997	2,855,638	175,530	0.3x	3.4x
Integrated Cyber Solutions Inc.	CNSX:ICS	Internet Services and Infrastructure	USA	20	20	336	(467)	NM	NM
Palo Alto Networks, Inc.	NASDAQGS:PANW	Systems Software	USA	178,523	175,945	10,261,625	878,373	NM	NM
Fortinet, Inc.	NASDAQGS:FTNT	Systems Software	USA	80,379	78,242	7,990,666	1,967,691	NM	NM
Commvault Systems, Inc.	NASDAQGS:CVLT	Systems Software	USA	6,326	5,908	1,147,705	92,700	4.7x	NM
Akamai Technologies, Inc.	NASDAQGS:AKAM	Internet Services and Infrastructure	USA	29,500	33,132	5,216,351	1,652,686	5.7x	15.6x
iomart Group plc	AIM:IOM	Internet Services and Infrastructure	UK	301	395	203,660	50,259	1.6x	6.2x
BlackBerry Limited	TSX:BB	Systems Software	Canada	2,517	2,539	951,410	(162,436)	2.0x	NM
Crossword Cybersecurity Plc	AIM:CCS	Systems Software	UK	11	13	6,491	(7,672)	1.7x	NM
Rackspace Technology, Inc.	NASDAQGS:RXT	Internet Services and Infrastructure	USA	531	5,699	4,503,337	716,397	1.2x	9.1x
ZeroFox Holdings, Inc.	NASDAQGM:ZFOX	Systems Software	USA	212	471	170,086	(44,208)	1.4x	NM
Quisitive Technology Solutions, Inc.	TSXV:QUIS	Application Software	Canada	128	229	270,091	28,715	0.8x	9.5x
Uniserve Communications Corporation	TSXV:USS	Integrated Telecommunication Servi	Canada	3	2	7,248	202	0.3x	NM
Castellum, Inc.	NYSEAM:CTM	IT Consulting and Other Services	USA	23	40	60,852	(10,639)	0.6x	NM
CISO Global Inc.	NASDAQCM:CISO	IT Consulting and Other Services	USA	25	46	67,139	(43,365)	0.5x	NM
Converge Technology Solutions Corp.	TSX:CTS	IT Consulting and Other Services	Canada	1,032	1,473	2,397,285	137,620	0.5x	7.9x
Average									
All				11,725	11,909	1,539,491	214,266	1.7x	10.8x
Australia				427	397	368,955	9,020	1.8x	12.8x
Rest of World				17,706	18,003	2,159,186	322,926	1.6x	9.6x
<$150m TEV				18	27	29,614	(6,831)	0.8x	5.3x
>$150m TEV				19,042	19,335	2,483,164	352,452	2.2x	12.0x
Control Premium								20%	20%
Size Discount								40%	40%
Average after Size Discount									
All								1.2x	7.8x
Australia								1.3x	9.2x
Rest of World								1.2x	6.9x
>$150m TEV								1.6x	8.6x

The adjacent data shows current public company trading multiples companies in with a similar (but not exact) industry profile to ST1 and InfoTrust. Some of the companies in the data are much larger than either ST1 or InfoTrust.

As public company data represents a liquid minority value, we have applied a control premium and a discount for smaller size.

MOORE

Comparable deals data - Source: S&PCapIQ and MAV analysis

Deal Date	Target	Sector	Country	Buyer	TEV $m	Revenue $m	EBITDA $m	Revenue Multiple	EBITDA Multiple
06/11/23	Whispir Limited (86.01% Stake)	Telecommunications: Carriers	Australia	Soprano Design Pty Ltd	80	54	(17)	1.5x	NA
11/09/23	Cirrus Networks Holdings Ltd (100% Stake)	Computer software	Australia	Atturra	51	116	4	0.4x	12.7x
24/08/23	Hills Ltd (100% Stake)	Computer software	Australia	Starplex International Pty Ltd	26	47	3	0.5x	10.0x
22/03/23	Hills Ltd (11.75% Stake)	Computer software	Australia	Historical Holdings Pty Ltd	17	47	3	0.4x	6.8x
14/02/23	Martello Technologies Group Inc. (12.81% Stake)	Computer software	Canada	Wesley Clover International Corporatio	31	18	(4)	1.8x	NA
28/06/22	Airlock Digital	Computer software	Australia	CyberCX Pty Ltd.	NA	NA	NA	NA	NA
09/06/22	Tracer Cloud (100% Stake); Consegna.Cloud (100% Stake)	Computer services	Australia	CyberCX Pty Ltd.	NA	NA	NA	NA	NA
09/02/22	Cyber Research NZ Ltd (100% Stake)	Computer software	New Zealand	CyberCX Pty Ltd.	NA	NA	NA	NA	NA
30/11/21	SXiQ Pty Ltd (100% Stake)	Computer software	Australia	International Business Machines Corp	NA	NA	NA	NA	NA
22/10/21	Over the Wire Holdings Limited (100% Stake)	Services (other)	Australia	Aussie Broadband Ltd	388	113	24	3.4x	16.5x
01/10/21	Capita plc (Secure Solutions and Services business)	Computer software	United Kingdom	NEC Software Solutions UK Limited	110	128	NA	0.9x	NA
25/08/21	Equate Technologies Pty. Ltd. (100% Stake)	Computer services	Australia	Nexon Asia Pacific Pty Ltd	NA	NA	NA	NA	NA
16/03/21	Secure Logic Pty Ltd (Managed Security Services business	Computer software	Australia	Tesserent Ltd	22	9	4	2.5x	5.3x
02/12/20	Intalock Technologies Pty Ltd	Computer software	Australia	Spirit Technology Solutions Ltd	23	24	2	1.0x	9.8x
19/10/20	Cloudten Industries Pty Ltd; Decipher Works Pty Ltd	Computer services	Australia	CyberCX Pty Ltd.	25	NA	NA	NA	NA
15/10/20	Capiot Software Inc.	Computer software	USA	Persistent Systems Ltd	12	10	NA	1.2x	NA
12/08/20	Foresight IT Conulting Pty Ltd	IT Consulting and Other Service	Australia	CyberCX Pty Ltd.	NA	NA	NA	NA	NA
29/02/20	TSS Cyber Pty Ltd	IT Consulting and Other Service	Australia	CyberCX Pty Ltd.	NA	NA	NA	NA	NA
09/02/20	Insomnia Security Group Limited	IT Consulting and Other Service	New Zealand	CyberCX Pty Ltd.	NA	NA	NA	NA	NA
19/12/19	Shape Security, Inc.	Computer software	USA	F5 Inc	1.351	63	(42)	NM	NA
15/10/19	12 Cybersecurity Consulting Firms (All merged into Cyber	Computer services	Australia	BGH Capital	NA	NA	NA	NA	NA
03/06/19	KCOM Group Ltd	Telecommunications: Carriers	United Kingdom	Macquarie European Infrastructure Fu	1,350	518	NA	2.6x	NA
01/05/19	Sigma Systems Group Inc	Computer software	Canada	Hansen Technologies Limited	166	76	20	2.2x	8.5x
18/10/18	Comlinx Pty. Ltd.	Computer services	Australia	Over the Wire Holdings Limited	20	16	3	1.2x	6.3x
09/01/18	NEC Software Solutions UK Limited	Computer software	United Kingdom	NEC Corporation	818	281	47	2.9x	17.5x
20/06/17	SMS Management & Technology Ltd	Computer services	Australia	ASG Group Ltd	129	329	16	0.4x	8.3x
20/10/16	Appirio Inc	Computer software	USA	Wipro Limited	686	269	NA	2.6x	NA
28/03/16	NTT Data Americas Inc	Computer services	USA	NTT Data Group Corp	4,315	3,992	NA	1.1x	NA
17/02/16	Ingram Micro Inc	Services (other)	USA	HNA Technology Co Ltd	8,324	59,037	780	0.1x	10.7x
Average									
All					897	3,429	60	1.5x	10.2x
Australia					78	84	5	1.3x	9.4x
Rest of World					1,560	5,854	133	1.5x	9.2x
<$150m TEV					39	47	(0)	1.1x	8.5x
>$150m TEV					2,175	8,044	166	2.1x	13.3x
Size Discount								40%	40%
Average after Size Discount									
All								0.9x	6.1x
Australia								0.8x	5.7x
Rest of World								0.9x	5.5x
>$150m TEV								1.3x	8.0x

The adjacent data shows acquisition deals in a similar industry profile as ST1 and InfoTrust. Deals where CyberCX was the buyer are identified but no value data was provided.

As these deals are acquisitions, they are generally thought to include a control premium.

As some deals with data were large, we applied a similar size discount.

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Spirit

Proxy Voting Form

If you are attending the Meeting in person, please bring this with you for Securityholder registration.

Spirit Technology Solutions Ltd | ABN 73 089 224 402

Your proxy voting instruction must be received by **11.00am (AEDT) on Tuesday, 26 March 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: **https://investor.automic.com.au/#/home** Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form , including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.
Joint holding: Where the holding is in more than one name, all Shareholders should sign.
Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.
Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.
Email Address: Please provide your email address in the space provided.
By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

Lodging your Proxy Voting Form:

Online
Use your computer or smartphone to appoint a proxy at https://investor.automic.com.au/#/loginsah or scan the QR code below using your smartphone
Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.

BY MAIL:
Automic
GPO Box 5193
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IN PERSON:
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:
meetings@automicgroup.com.au

BY FACSIMILE:
+61 2 8583 3040

All enquiries to Automic:
WEBSITE:
https://automicgroup.com.au/

PHONE:
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1 - How to vote

APPOINT A PROXY:

I/We being a Shareholder entitled to attend and vote at the Extraordinary General Meeting of Spirit Technology Solutions Ltd, to be held at **11.00am (AEDT) on Thursday, 28 March 2024 at the offices of PKF, Level 8, 1 O'Connell Street, Sydney NSW 2000** hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 2 - Your voting direction

Resolutions		For	Against	Abstain
1	Approval of the Proposed Issue of Shares in Respect of the Acquisition of InfoSurety Holdings Pty Ltd			
2	Acquisition of a relevant interest in Placement Shares by 263 Finance Pty Limited			

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 – Signatures and contact details

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY)

/ /

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

AUTOMIC

ST1