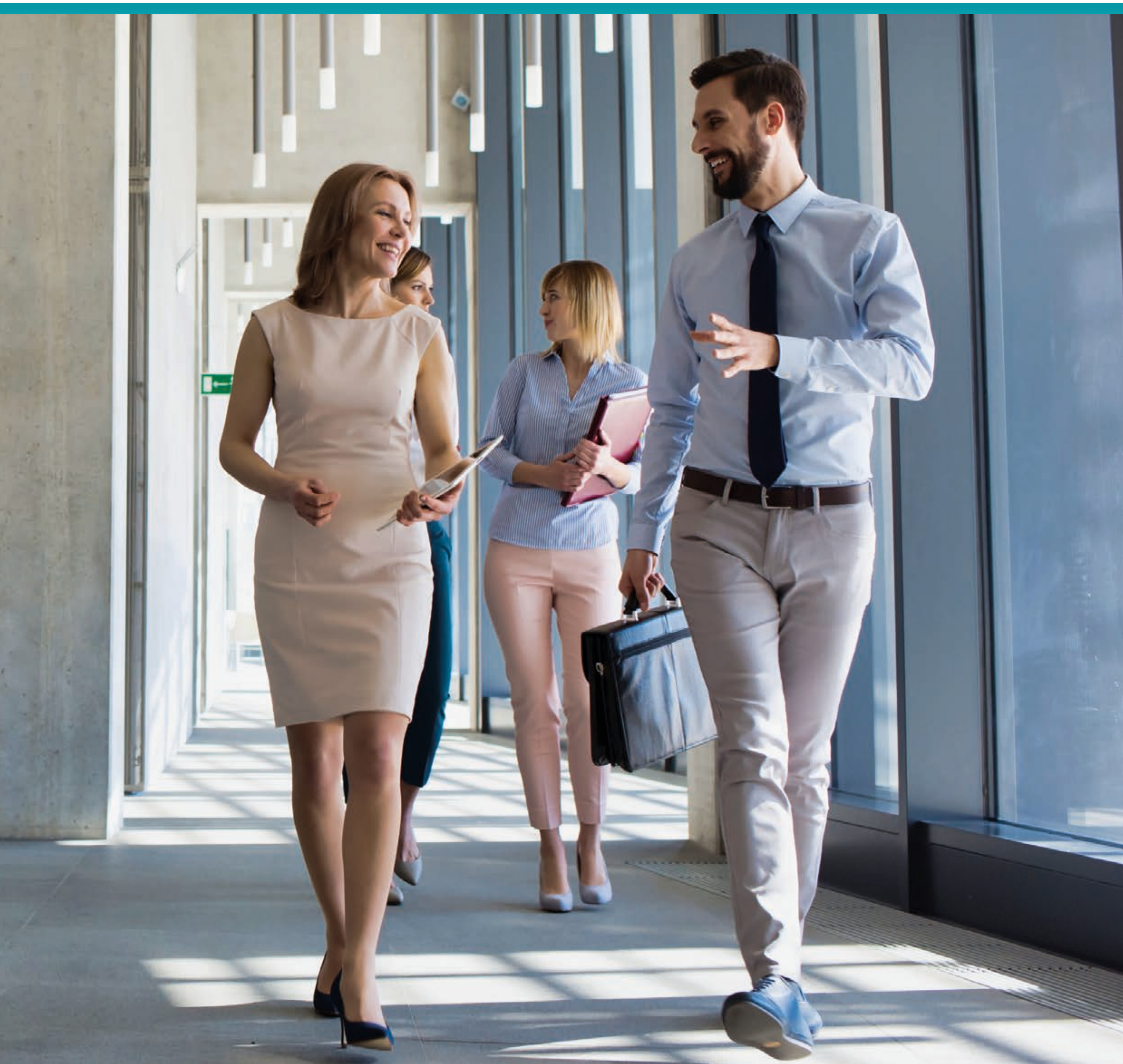
Spirit

ASX: ST1

# Annual Report 2024

Secure. Sustainable. Scalable.



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A letter from

# The Chairman

Dear Shareholders,

It is a pleasure to present the Spirit Technology Solutions Annual Report for the financial year ended 30 June 2024 (FY24).

FY24 marked a pivotal period for the Group as we completed the restructure of our Managed Services segment, removing complexity and providing clarity of purpose and focus for that segment, in line with our goal of becoming one of Australia's leading providers of modern and secure digital workplaces.

Despite a disappointing FY24, we expect a substantial improvement in FY25 as a result of work by the Board and Management team to steer Spirit towards its goals and ensure profitability for its shareholders. This is evident in our strategic restructuring and corporate repositioning, which are already yielding positive outcomes. Notably, Spirit in FY24 achieved its strongest Q4 in its history, demonstrating our solid momentum and laying strong foundations for growth and profitability in FY25.

With a robust corporate structure in place, we identified and capitalised on strategic acquisition opportunities during the financial year and beyond.

In April 2024, we completed the acquisition of Infotrust, a leading cyber security firm. This move not only made our Cyber Security division the largest within our Company but also positioned us at the forefront of the cyber security industry in Australia.

Closely following the end of the financial year, this was complemented by the acquisition of Forensic IT, a major provider of cyber security digital forensic and incident response solutions. The acquisition not only expands and deepens the offer provided to our Cyber and Managed Services customer base, but also strengthens our cyber capability to enable rapid response to cyber incidents, which are increasingly impacting companies across Australia.

We successfully conducted capital raises during the year to support this acquisition strategy which reinforces our position as one of Australia's leading cyber security companies.

FY24 also saw a number of new additions to the Spirit Board.

As a result of the Infotrust acquisition, we welcomed Infotrust co-founders Simon McKay (Execitive Director of the Cyber Security segment) and Dane Meah (Non-Executive Director).

We also welcomed two other Non-Executive Directors to the Board in FY24 - Lynn Warneke and Shan Kanji.

Lynn, who was appointed in October 2023, brings extensive digital strategy, technology leadership and cybersecurity experience to Spirit. Shan, who was appointed in January 2024, has over 20 years' experience as a senior business leader with a proven track record of running scale diversified and complex industrial and technology businesses in Australia and New Zealand.

In August 2024, Non-Executive Director Greg Ridder and Executive Director Elie Ayoub stepped down from the Board, with Elie continuing with the Company in his executive capacity.

Both Greg and Elie have been instrumental in guiding our strategy as we have restructured and refocused the Spirit business and as we continue to work towards our aim of becoming one of Australia's leading providers of modern and secure digital workplaces.

On behalf of the Board, I would like to extend our thanks to both Greg and Elie for their significant contribution to Spirit. I wish Greg the best of luck with his future endeavours, and I look forward to continuing to work with Elie in his Executive role.

I would like to thank my fellow Board members and the Spirit management team and employees for their hard work and dedication over the past 12 months. Despite this period of transition, our achievements would not have been possible without their hard work, industry-leading expertise, and unwavering dedication each day.

As we enter FY25 with a fresh vision and structure, I am genuinely excited about our potential. We expect to deliver strong growth in FY25 and beyond with our pipeline of opportunities expected to grow. With our refined, cyber-first focus, we are better positioned than ever to become one of Australia's leading providers of modern and secure digital workplaces.

Thank you for your continued trust and support during this transformational period.

Yours sincerely,

**James Joughin**
Chairman

A letter from

# The Managing Director and CEO

Dear Shareholders,

I am pleased to report that throughout FY24 we made significant progress towards becoming one of Australia's leading providers of secure digital workplaces, while progressing key strategic initiatives, particularly with respect to our corporate strategy and structure.

Despite falling short of financial expectations, we closed the year strongly - achieving the strongest sales quarter in our history in Q4 and bolstering our Cyber Security division through the fully funded acquisition of leading cyber security business, Infotrust. Post the end of the financial year, this was further complemented via the acquisition of major provider of cyber security digital forensic and incident response solutions, Forensic IT in August. We now operate one of Australia's leading cyber security businesses, an achievement I am incredibly proud of.

**Managed Services**

In June 2024, we successfully concluded a comprehensive two-year restructuring of our Managed Services business. This initiative was aimed at setting clear objectives, reinforcing our core mission, sharpening our strategic focus, and ultimately enhancing profitability for our shareholders.

As part of this transformation, we appointed a revitalised leadership team, unified our operations under the single Spirit brand, and seamlessly migrated all our customers to the scalable Microsoft Secure Workplace solution.

During the year, we also launched a new Managed Services offer for our SME customer base of 7,000 active customers. The unique offer improves cyber security defences and workplace productivity for Small to Medium Enterprise businesses and is a key competitive advantage for Spirit as this sector has been largely untapped by traditional managed services providers.

The segment achieved its first profitable month in June 2024 and we expect the positive performance to continue in FY25.

**Cyber Security**

In February 2024, we made a significant advancement in our cyber security capabilities, with the fully funded acquisition of Sydney-based Infotrust.

The acquisition not only strengthens our position in the major markets of Sydney and Melbourne and delivers on our strategy of growth via acquisition but has propelled our Cyber Security division to the forefront. As a result of the move, the Cyber Security division is now the largest revenue generator within our Company and we are now one of the leading cyber security enterprises in Australia.

We also progressed the integration of Infotrust with Intalock, with the amalgamation of the brand and employees completed on 1 July 2024. The integrated business will enable Spirit to provide the combined cyber security / managed services capabilities to our 1,500+ target customers.

Importantly, our cyber-first strategy delivered strong financial outcomes in Q4 FY24.

Intalock recorded its largest ever quarter in terms of Total Contract Value (TCV) in Q4 FY24 with $19.4 million in sales. Intalock also achieved a record $7 million in revenue for the month of June 24, up 55% on the previous corresponding period (pcp).

Meanwhile, Infotrust achieved its target acquisition EBITDA of $4.4 million for FY24.

Post the end of the financial year, this cyber-first strategy was bolstered via our announced acquisition of Forensic IT – a major Australian provider of cyber security digital forensic and incident response solutions.

The acquisition is highly complementary to our existing cyber offering and expands and deepens the offering provided to Spirit's Cyber and Managed Services customer base.

It also delivers on our strategy of providing solutions that improve organisations' resilience and responsiveness to cyber attacks. The acquisition will enable us to significantly increase work in incident response, providing revenue and margin accretion opportunities by expanding our cyber capability to enable rapid response to cyber incidents which are increasingly affecting companies across Australia.

**Communication and Collaboration**

In November 2023, the Communication and Collaboration division secured a new agreement with Cisco for its Webex Wholesale offering, a move which expands our product offering and capability to bring new services to market in an accelerated fashion.

We also launched a new dealer program, enabling us to bring advanced solutions to market under a new service offering.

Financially, the segment's performance was affected in H1 by low business confidence but rebounded later in the financial year with the business recording its best-ever June sales month in June 2024.

Communication and Collaboration signed $5.4 million of TCV and secured over 380 new customers, whilst more than 120 customers signed 5-year renewal contracts.

**Financial overview**

Group revenue and other income for FY24 was $126.1 million (FY23: $127.3 million) and Group uEBITDA (refer to Directors' report) was $1.7 million (FY23: $5.2 million).

The Group reported a statutory loss of $10.5 million, down from a loss of $11.4 million in the pcp.

**Outlook**

Following a strong finish to FY24 and with a growing pipeline of business opportunities, Spirit expects to deliver strong growth in FY25 and beyond.

We are guiding for FY25 revenue of $154 million to $164 million, representing more than 20%-29% growth on FY24 (including acquisitions), with Cyber Security to be the largest revenue contributor.

Spirit also expects improved profitability with guidance FY25 uEBITDA of $10.5 million to $11.8 million. This acknowledges anticipated growth, positive earnings from all segments alongside the full year earnings contributions from Infotrust and part earnings contribution from Forensic IT (expected from 1 October 2024 post acquisition).

The Group's strategy of selling combined Cyber Security and Managed Services is also expected to enable strong organic growth over a three-year strategic horizon, with the pipeline of opportunities expected to grow through FY25.

I would like to thank our Board, Management team and employees for their hard work and dedication over the past 12 months as we completed our restructure and repositioned for growth over the years ahead.

Thanks also to our shareholders for your continued support. I look forward to updating you on our progress towards our goal of becoming one of Australia's leading providers of modern and secure digital workplaces.

**Julian Challingsworth**

Managing Director and CEO

# Go-To-Market Update

## *Embedding resilience with security-driven, future-proof IT solutions for Australian organisations.*

With a deep focus on cyber security, we ensure that every aspect of our managed IT, cyber solutions and collaboration services are fortified against evolving threats, aligning with the highest standards of risk mitigation and compliance.

Our managed IT services encompass end-to-end solutions designed to optimise performance, enhance operational efficiency, and safeguard critical business functions. From proactive monitoring and IT infrastructure management to rapid incident response, our services provide a secure digital environment that empowers organisations to thrive.

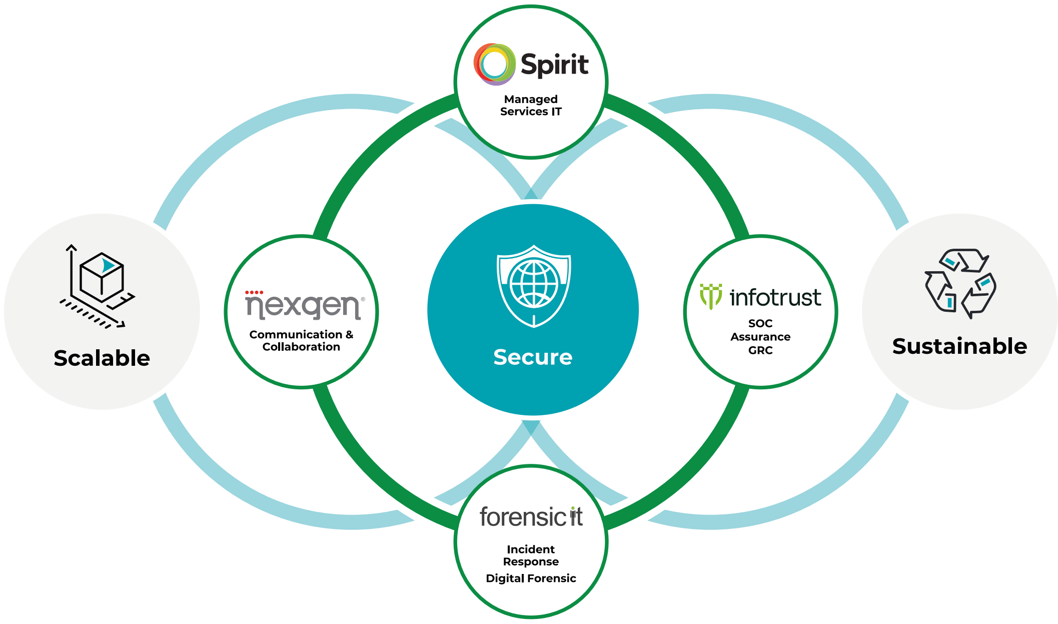
With cyber security integrated into every solution we provide, we serve as a trusted partner for organisations seeking to balance innovation with resilience. Backed by industry-leading technology and experienced professionals, and with a proven track record, we are committed to delivering secure, scalable, and tailored IT solutions that drive long-term value for our customers.

In the domain of collaboration services, we deliver cutting-edge communication tools with a strong security posture, enabling teams to connect and collaborate efficiently and securely across any platform, from anywhere. Our secure collaboration services protect sensitive data while driving productivity, ensuring business continuity in an increasingly digital and remote-first world.

### Cyber security at the core of our services

Understanding that our customers' success hinges on their ability to operate securely in the digital realm, we have strategically embedded advanced cyber security practices into the foundation of all our service offerings. From network management to cloud collaboration tools, our solutions are designed to simultaneously enhance operational efficiency and also safeguard against an increasingly sophisticated array of cyber threats.

Our approach is holistic—every managed service is fortified with proactive monitoring, threat detection, and rapid incident response capabilities. This ensures that our customers can focus on their core business objectives, confident in the knowledge that their technology infrastructure is protected by industry-leading security protocols.




## Customer Testimonials

We feel much more confident with the Spirit team helping us meet our digital needs. Our relationship has now led to a partnership with Infotrust, Spirit's cyber security division. Having one group to help manage our IT and security requirements allows me to sleep better at night and frees up my time so I can focus on strategic planning and direction."

Aurelia Metal, Arran Bishop, Head of IT and Cyber Security

Infotrust is a trusted partner to Mission Australia because they expertly manage the security and integrity of our data giving us the confidence to continue to safely and securely improve the services we provide to Australians in their time of need."

Mission Australia, Peter Smith, Chief Information Officer

# Board of Directors

### James Joughin

Chairman

James Joughin brings over 32 years of general corporate experience, having been a senior partner of Ernst & Young until 2013. He was a partner of the firm for 17 years and headed the Mergers and Acquisitions division in Melbourne.

### Julian Challingsworth

Managing Director

Julian is a proven leader of ASX-listed companies, with a strong professional service and corporate finance background. He has extensive experience managing enterprise, government, and critical infrastructure clients.

### Simon McKay

CEO of Infotrust

Simon is a seasoned leader in the cyber security industry with a track record of success spanning over two decades. Simon is the co-founder of two successful Australian cyber security businesses - Infotrust (acquired by Spirit effective 1 April 2024) a cyber consulting practice, and MyCISO, a SaaS management platform.

### Lynn Warneke

Non-Executive Director

Lynn is an experienced Non-executive Director and Chair, with extensive background and expertise in strategy, digital services and product development, customer experience, emerging technologies, innovation and cyber security.

### Shan Kanji

Non-Executive Director

Shan has over 20 years' experience as a senior business leader with a proven track record of running scale diversified and complex industrial and technology businesses in Australia and New Zealand. Mr Kanji also has extensive experience with start-ups in technology, property development, manufacturing and other sectors.

### Dane Meah

Non-Executive Director

Dane is currently the CEO of cyber security SaaS business MyCISO, which launched in 2022 and has quickly scaled to be a leading, and award winning, security program management platform. Dane is also the co-founder of Infotrust (acquired by Spirit effective 1 April 2024).

# Executive Members

### Julian Challingsworth

Managing Director

Julian is a proven leader of ASX-listed companies, with a strong professional service and corporate finance background. He has extensive experience managing enterprise, government, and critical infrastructure clients.

### Zoe Rosenwax

Head of People

Zoe is an experienced people and culture leader, with over 11 years' experience leading the HR function for some of Australia's leading businesses.

### Paul Miller

Chief Financial Officer

Paul is a Chartered Accountant with more than 25 years of financial experience. Having commenced his career with PwC in Australia and London, Paul has specialised expertise working in high growth companies.

### Nathan Knox

Chief Operating Officer

Nathan has a wealth of experience in similar roles at leading ASX100 companies and government agencies, including Tesserent, NBN Co, Coles, and Woolworths.

### Simon McKay

CEO of Infotrust

Simon is a seasoned leader in the cyber security industry with a track record of success spanning over two decades. Simon is the co-founder of two successful Australian cyber security businesses - Infotrust (acquired by Spirit effective 1 April 2024) a cyber consulting practice, and MyCISO, a SaaS management platform.

### Elie Ayoub

Co-CEO Nexgen

Elie co-founded Nexgen in 2009 and has been jointly responsible for the growth and direction of the Company. He has 25 years experience in the telecommunications industry across the SME, residential, corporate and government customer segments.

## James Harb

Co-CEO Nexgen

Along with Elie, James co-founded Nexgen in 2009 and has over 20 years' experience in the telco industry.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# Directors' Report

**Spirit Technology Solutions Ltd**
**Directors' report**
**30 June 2024**

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Consolidated Entity' or 'Spirit Group') consisting of Spirit Technology Solutions Ltd (referred to hereafter as the 'Company', 'parent entity' or 'Spirit') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

## Directors

The following persons were Directors of Spirit Technology Solutions Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr James Joughin (Non-Executive Chairman)
Mr Julian Challingsworth (Managing Director and Chief Executive Officer)
Mr Gregory Ridder (Non-Executive Director – resigned 5 August 2024)
Ms Lynn Warneke (Non-Executive Director – appointed 9 October 2023)
Mr Elie Ayoub (Executive Director – resigned 5 August 2024)
Mr Shan Kanji (Non-Executive Director – appointed 31 January 2024)
Mr Julian Haber (Non-Executive Director – resigned 31 August 2023)
Ms Michelle Bendschneider (Non-Executive Director – resigned 31 August 2023)
Mr Simon McKay (Executive Director – appointed 4 April 2024)
Mr Dane Meah (Non-Executive Director – appointed 4 April 2024)

## Principal activities

During the financial year the principal activities of the Spirit Group consisted of the provision of technology solutions including cyber security solutions, communication and collaboration services and managed services.

## Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Operating and financial review

### Consolidated Entity’s operations

Spirit Group remains focused on becoming one of Australia’s leading providers of modern and secure digital workplaces.

It provides technology services and solutions that enable organisations to:

- Strengthen their security posture to match the constantly changing cyber threat landscape.
- Remain ahead of the curve and accelerate their digital transformation by adopting secure, agile technology solutions that can easily adapt to changing business needs and deliver return on investments.

***Review of operations and financial position***

During the financial year ended 30 June 2024, Spirit Group added to and strengthened its cyber capabilities via the acquisition of Sydney-headquartered cyber security company, InfoSurety Holdings Pty Ltd (trading as "Infotrust"). The acquisition expands Spirit's presence in the growing cyber security market and strengthens the Company's position in the major geographic markets of Sydney and Melbourne.

The Consolidated Entity's reporting framework aligns to the following key operating segments (as outlined in Note 3: Operating Segments of the financial statements):

- Communication and Collaboration
- Cyber Security
- Managed Services

An underlying EBITDA* of $1.66M ($5.15M) resulted in a loss for the Consolidated Entity for the financial year ended 30 June 2024 ("FY24") (financial year ended 30 June 2023 ("FY23")) after providing for income tax of $10.5M (FY23: loss $11.4M). Total revenue and other income for the Consolidated Entity for FY24 was $126.1M (FY23: $127.3M). The following table summarises the key financial metrics for the financial year:

| | **30 June 2024 $'000** | **30 June 2023 $'000** | **Change $'000** |
|---|---|---|---|
| Revenue (refer Note 4 to the financial statements) | 125,847 | 127,114 | (1,267) |
| Other income (refer Note 5 to the financial statements) | 272 | 157 | 115 |
| **Revenue and other income** | **126,119** | **127,271** | **(1,152)** |
| Earnings before interest, taxes, depreciation & amortisation (EBITDA*) | (6,299) | (8,266) | 1,967 |
| Share-based payments ** | 571 | 942 | (371) |
| Loss/(profit) on divestment of non-core assets | - | 600 | (600) |
| Acquisition & divestment costs ** | 2,850 | 200 | 2,650 |
| Transformation and restructuring costs*** | 1,999 | 2,732 | (733) |
| Other normalisation items**** | 552 | 901 | (349) |
| Net fair value loss on remeasurement of contingent consideration on business combinations ** | - | 8,042 | (8,042) |
| Impairment of non-current assets ** | 1,991 | - | 1,991 |
| **Underlying EBITDA*** | **1,664** | **5,151** | **(3,487)** |
| (Loss)/profit after income tax benefit/(expense) | (10,547) | (11,389) | 842 |

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

** Refer Statement of profit or loss and other comprehensive income.

*** Transformation & restructuring costs – refer Note 6 of the financial statements

**** Other normalisation items covers a notional addback for professional services margin loss on customer retention migrations. This relates to the assessed gross margin forgone on supporting customers to move from acquisition legacy products that were end of life to new product modern workplace solution offerings

Below is a review of FY24 performance by segment. The Company remains focused on taking all necessary steps to move all operations back into sustainable profitability.

**Cyber Security**

Spirit's Cyber Security segment, Infotrust, provides a comprehensive stack of cyber security managed services, professional services, advisory, and security software sales, integration and management through its partnerships with carefully selected software vendors. Infotrust are relied upon by 600+ customers ranging from large enterprise, government and mid-market.

Cyber security continues to be front of mind for organisations and government, with steady growth in the overall market providing strong support for continued growth in this segment. The strongest growth areas include cloud security, application security, data privacy and security, and integrated risk management. Recently introduced Federal Government policies on cyber security are expected to provide a strong tailwind for Spirit, with existing and target customers likely to be subject to strengthened or new legislative obligations.

The Cyber Security segment achieved uEBITDA* for FY24 of $3.3M (FY23 uEBITDA*: $0.96M) on full year sales revenue of $51.4M (FY23: $33.6M). The result includes the contribution of Infotrust for the control period, being from the date of effective control (1 April 2024) .

The highly capable, multi site redundant Security Operations Centre ("SOC") in Brisbane remains a key differentiator against the limited SOC capabilities provided by other Australian managed service providers and is now supporting a growing number of leading Australian organisations. SOC services are sold into the Cyber Security and Managed Services customer base.

The strategic focus for the forthcoming financial year is to extract the revenue and margin accretion opportunities as a consequence of the acquisition of Infotrust. Mr Simon McKay, Infotrust's co-founder, has been appointed CEO of the Cyber Security segment, and the integration of teams, processes and systems of the existing Spirit cyber security business and Infotrust is well progressed. The Infotrust delivery approach is being deployed across Spirit's existing cyber security business to increase margins, drive enhanced customer satisfaction and customer tenure and the benefits of procurement scale are being realised with key cyber security vendor partners.

The segment has experienced increased success in tendering and winning muti-year delivery contracts. As announced to the ASX on 16th July 2024, the segment recorded its largest ever quarter in terms of total contract value with $19.4 million in sales, which included significant multi-year cyber security managed services deals. Recent contract wins demonstrate the advantages of combined cyber security and managed service offerings through the delivery of an integrated managed secure services program.

## Communication and Collaboration

Spirit's Communication and Collaboration segment (trading as "Nexgen") delivers small and mid-sized businesses an integrated communication and collaboration solution comprising hardware, software, installation and configuration, bundled with data and voice connectivity. These products and services are targeted at small and medium sized businesses with 'frontline' staff who need sophisticated communication management applications combined with collaboration (including video-conferencing) solutions.

The segment achieved an underlying EBITDA* for FY24 of $6.5M (FY23: $9.5M) on revenue of $40.1M (FY23: $41.6M).

The drop in segment performance YoY at both a revenue and uEBITDA* level reflects the impact of rising interest rates throughout the financial year which dampened SME business confidence alongside margin and cost pressures. The segment continues to invest in new initiatives to support forward organic growth and address the FY24 challenges, including:

- Execution of a new multi-year contract extension with Cisco which underscores Nexgen's commitment to providing advanced communication and collaboration solutions for small-to-medium businesses. The renewal of this strategic partnership agreement will underpin greater pricing and system functionality options for the segment and its customers alongside providing product based cost input benefits.

- Establishing the "Spirit Business Centre", a national dealer network with the goal of substantially broadening the segment's sales channel and footprint.

## Managed Services

In the Managed Services segment, Spirit delivers a suite of ICT solutions, principally to SMB and mid-market organisations, which include software, hardware and services that support key business functions including:

- Productivity and communication suites
- Network operations centre
- Back-up and recovery
- Threat and vulnerability management
- Cloud migration services

Spirit's Managed Services include designing, configuring, installing and supporting ICT services and customer networks. Key strategic partners for Spirit in this segment include Microsoft and Cisco.

The Managed Services division has been a challenging operation over the last few financial years. The segment has weighed heavily on the Group's financial performance, and the under-performance continued into the current financial year. The Board and management have been focused on stabilising and restructuring this operation, which required more time and investment than anticipated. As communicated to the ASX on 16$^{th}$ July 2024, the Managed Services segment achieved its first profitable month in June 2024. While noting the impact of the delayed timeframe on the full year segment result, the Company's goal to return the segment to an underlying EBITDA breakeven exit point by June 2024 was achieved.

The Managed Services division achieved an uEBITDA* loss for FY24 of $4.55M (FY23 uEBITDA* loss: $2.1M) on sales revenue of $34.7M (FY23: $52.4M).

A number of initiatives were undertaken throughout FY24 to streamline this segment and to set the foundation for a return to profitability in FY25, including:

- Implementation of ServiceNow, a modern ITSM platform widely used by mid-market and enterprise customers. This is an advantage when tendering for Managed Services work, and a significant uplift in customer satisfaction has also been recorded as a result of the ServiceNow customer support solution.
- CRM enhancements to align and optimise the Managed Services and Cyber Security sales processes.
- Consolidation and refocusing on a core service catalogue and with a new focus on providing managed services to cyber security customers
- Rebasing of the Managed Services baseline cost to align with current revenue
- Realignment of the sales team with a dual focus on customer satisfaction (to minimise forward customer churn) and delivering on new customer acquisitions. While sales execution remains a current risk, the Company expects these changes to drive an increase in revenue and quality of customers over time.

As outlined above in the Cyber Security segment overview, Spirit is gaining traction in winning managed secure operations work. The Managed Services segment is critical to being able to win these contracts, which are expected to contribute to the profitability recovery.

**Group disclosures**

Cash outflows from operating activities were $4.1M for the year ended 30 June 2024 (2023: cash outflows $3.7M). This included cash outflows associated with transformation and restructuring programs of $2.6M (2023: $1.7M). Net cash outflows from investing activities (principally related to obligations associated with business combination payments and business acquisition and divestment costs) were $16.1M (2023 outflows: $11.0M). During the financial year, the Company drew down net debt from its banking facility of $3M in conjunction with a convertible note raise totaling $5.5M (after costs), alongside undertaking a placement to fund the acquisition of Infotrust totaling $15.4M (net of transaction costs).

The basic and diluted earnings per share loss for the financial year ended 30 June 2024 was 1.18 cents (2023: loss of 1.67 cents).

The net assets of the Consolidated Entity increased by $19.9M to $73.046M as at 30 June 2024 (30 June 2023: $53.133M). This increase primarily reflects the impact of the Infotrust acquisition.

**Prospects for future financial years and business risks**

Spirit Group continues its transformation into a profitable modern technology and cyber security service provider that is known for delivering secure, scalable and sustainable customer outcomes.

Building a scalable and profitable company inherently involves risk. Risk factors change over time in both nature and weighting. Management and the Board of the Company actively manage risk and apply mitigation strategies (where possible) to reduce the impact of the stated risk on the Company's achievement of its goals. At the time of signing the Directors' report, the material business risks that could impede the achievement of the Company's future operational and financial success are set out below.

**Funding risk**

The Company is focused on returning to an operational cashflow positive position alongside managing residual acquisition fixed consideration obligations. The Company's aim is to manage settlement of these obligations from its future operating cash flows. That noted, the risk with respect to such preferred funding is contingent on the Company's performance improvements to generate positive cashflows sufficient to:

- manage working capital obligations;
- fund the fixed residual acquisition obligations; and
- fund agreed bank debt amortisation payments.

To the extent that the Company is unable to make the necessary performance improvements, it may require additional equity funding, which may have a dilutionary effect on the Company's shareholders or it may prevent the growth plans of the Company from being executed.

The Company has material debt funding in place with its banker which is subject to various covenants. During the financial year the Company renegotiated its funding facility terms in conjunction with the Company executing the acquisition of Infotrust. The renegotiation of the facility included changes to the financial covenants (as outlined in note 21 of the financial statements) and other conditions and undertakings by the Company. As part of the undertakings provided, the Company is required to make a repayment of $85,000 per month (commencing 1 July 2024) to pay down the facility. The duration of the monthly amortisation requirement will be reassessed at facility renewal on 1 July 2025.

To the extent that the Company's performance does not meet these revised covenants, there is a risk that the Company will need to:

(i) renegotiate the terms of debt with its banker, which may be on less advantageous terms,
(ii) refinance with another lender, which may be on less advantageous terms, or
(iii) undertake a capital raising to repay all or part of the debt finance.

The Company completed a Convertible Note Placement as set out in its ASX announcements dated 6 October 2023 and 24 October 2023, with the funds raised used for acquisition due diligence and evaluation and legal costs and provision of working capital. The Company has an optional right of conversion if, at any time prior to 21 September 2026, the Company's shares have traded above $0.09 per share for a period of at least 21 consecutive trading days. If the note holders do not exercise their right of conversion, the Company may be at risk of funding the convertible note redemptions at a future point in time that may require additional equity funding, which may have a dilutionary effect on the Company's shareholders. That noted, the noteholders can convert at any time at a share price of $0.045c (within the first 18 months) and when the company's share price exceeds the conversation price it infers the holders are in the money.

### Cyber and data breach risks

Cyber attacks and data breaches are an inherent risk faced by every organisation. Should this risk materialise, the financial, operational and/or reputational impacts could have a material adverse effect on the Company and its prospects, including loss of customers, reduced sales, and reduction in revenue and profit.

Being a material business risk, cyber requires constant management and risk mitigation. The Consolidated Entity leverages the internal capability of its Cyber Security division to provide proactive and reactive solutions and management of any cyber related events that present against Spirit and its customers.

### Sales execution risk

Achievement of the Company's growth strategy is contingent on effective execution of its sales strategy within the segments' target markets. Successful execution relies on a range of factors, including attracting and retaining the right mix of sales talent. A failure to attract and retain suitable staff could be disruptive to the Company's prospects, including an inability to grow revenue, an increase in costs and a reduction in profits.

### Labour market and inflationary risks

Access to the required human capital within the Australian employment market remains a key business risk. The Company requires a mix of skilled professionals to execute its business plan, but faces challenges in sourcing and retaining skilled staff in what is a highly competitive and at times wage inflationary environment. Failure to attract and retain professional and technical talent could be disruptive to the Company's business, resulting in increased costs and reduced profits, and adversely impacting the Company's prospects. Spirit continues to develop strategies to retain its workforce, and invests in employee retention programs and employer of choice initiatives.

### Impact of competitive landscape

The Company competes with a number of other companies that provide comparable ICT services and its operating performance is influenced by a number of external factors. Disruptors entering the market with new technologies could threaten existing Company service offerings or make some redundant. This could impact the Company's ability to retain existing clients and attract new clients, adversely impacting its revenues, profitability and prospects.

### Aspirational risk

The Consolidated Entity can still be classified as a small company as measured against other companies listed on the ASX. As the Company continues to achieve growth and scale, the potential complexity and degree of risk it faces may also increase in the absence of mitigation strategies. Achievement of the Company's strategic growth goals will involve an ongoing investment in people, marketing/branding and system enhancements.

Spirit will continue to pursue accelerated growth through both an organic and inorganic acquisition strategy. To succeed in that acquisition growth path, the Company needs to identify and successfully conclude negotiations with the target company which can be challenging in a competitive market landscape. Acquisitions carry risk. Specifically, they may consume a large amount of management time and attention during integration, and the acquired company may fail to meet strategic objectives or achieve expected financial performance (including unrealised synergies). Spirit may not be able to fully or effectively integrate the operations, products, technologies and personnel of the acquired company, and failure to do so could result in staff turnover, loss of customers and increased costs, impacting the Company's profitability and prospects.

### Business environment risk

Changes in business conditions or economic and government settings in Australia or internationally may impact the fundamentals underpinning the projected growth of the Company's target markets or its cost structure and profitability. Changes in the level of inflation, interest rates, government policy (including fiscal, monetary and regulatory policies), consumer confidence and spending, employment rates and other socioeconomic factors, are outside the control of the Company and may result in material adverse impacts on its business, operations, results and prospects.

### Technology and partner risk

The Company has strategic partnerships and procurement relationships with a range of providers of technology products. These form part of the Consolidated Entity's suite of products and service offerings deployed in our customers' environments. Accordingly, any outages or technology failures attributed to a partner product or solution may have a material impact on the Company's customers and rectification may be outside the control of the Company.

### Other risks

The above are not intended to constitute a complete list of the risks associated with the Consolidated Entity. Any of the risks outlined above and other risks not outlined here may in the future materially adversely affect the Company's value or financial performance or prospects.

### Significant changes in the state of affairs

On 29 September 2023, the Company raised $5 million (before costs) via a two tranche Convertible Note Placement, with funds raised used for the Infotrust acquisition due diligence, evaluation and legal costs, integration planning and support costs, and working capital. The Placement was subsequently increased on 6 October 2023, with the Spirit Board taking an additional $0.765 million in oversubscriptions, increasing total funds raised to $5.765 million.

During the financial year, and to fund the acquisition of Infotrust and associated costs, the Company undertook a placement to 263 Finance Pty Ltd, a significant shareholder and an associate of Non-Executive Director Mr Shan Kanji to raise $16 million at 5.0c per share (being 320 million shares).

The acquisition of Infotrust was completed with effective control commencing 1 April 2024. The total consideration was $34.6 million, comprising:

- $14.0 million in cash on completion;
- $14.0 million in Spirit shares at 4.6c per share, totaling 304.3 million shares (Scrip Consideration); and
- $6.6 million in deferred consideration to be paid in cash as follows:
  – Tranche 1 of $1.5 million on the six-month anniversary of the completion date
  – Tranche 2 of $1.5 million on the 12-month anniversary of the completion date
  – Tranche 3 of $3.6 million on the 18-month anniversary of the completion date

The Scrip Consideration is subject to voluntary escrow, with 5% of the Scrip Consideration being released after each of 3, 6 and 9 months following completion of the acquisition and the remainder (representing 85%) being released 12 months after completion.

Other than the information disclosed in the review of operations above and herein, there are no significant changes in the state of affairs that the Consolidated Entity has not disclosed.

## Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years. The Company continues to review acquisitions as part of its growth plan and there may or may not be impacts upon future state of affairs should a material acquisition be made.

## Likely developments and expected results of operations

Refer ‘Entity’s operations’ and ‘Prospects for future financial years and business risks’.

## Environmental regulation

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## Information on Directors

| | |
|---|---|
| Name: | Mr James Joughin |
| Title: | Non-Executive Chairman |
| Qualifications: | Bachelor of Business, CPA, GAICD |
| Experience and expertise: | James Joughin brings over 32 years of general corporate experience, having been a senior partner of Ernst & Young until 2013. He was a partner of that firm for 17 years and headed the Mergers and Acquisitions division in Melbourne. James is also an experienced company Director and holds (or has held) Non-Executive Directorships of a number of private and public companies. He has wide business experience and has previously held the position of Chair of a private company and is currently Chair of a number of Risk and Audit Committees. For most of his career, James has been providing advice to Boards in relation to growth strategies, improving shareholder value, mergers and acquisitions, funding (both debt and equity) and IPO’s. |
| Other current Directorships: | None |
| Former Directorships (last 3 years): | MyDeal.com.au Ltd (ASX: MYD) (resigned 23 September 2022)<br>Bio-Gene Technology Ltd (ASX:BGT) (resigned 22 April 2023) |
| Special responsibilities: | Member, Audit and Risk Committee<br>Chair, Nomination and Remuneration Committee (Chair up to 29 May 2024, member from 30 May 2024) |
| Interests in shares: | 5,459,936 fully paid ordinary shares |
| Interests in options: | Nil |
| Interests in rights: | Nil |

| | |
|---|---|
| Name: | Mr Julian Challingsworth |
| Title: | Managing Director and Chief Executive Officer |
| Qualifications: | MSc, Grad Dip (IT), BBus (Acc), CAANZ, FCPA, GAICD |
| Experience and expertise: | Julian previously acted as the Co-Chief Executive Officer of Tesserent (ASX TNT). Tesserent provides cybersecurity to enterprise, government and critical infrastructure customers. Under Julian's leadership the organisation grew significantly through both acquisitive and organic means. Julian spent 3 years in the role before he resigned and stepped down from his role as Co-Chief Executive in November 2021. Julian joined Tesserent after serving as Managing Director and a Partner of The Litmus Group for over ten years and a board member and Partner of PPB Advisory. In addition to advising over twenty organisations on growth acceleration strategies in Australia, Asia and Europe, Julian was a key driver in growing Litmus in Australia and internationally before it was acquired by PPB Advisory. Julian was a Director of Cordence Worldwide, a global consulting partnership with 2,800 consultants across 60+ locations. Julian worked with the international team to develop sales and growth strategies for the 8 member firms.<br><br>Julian is a proven ASX listed CEO, with a strong professional services and corporate finance background. |
| Other current Directorships: | None |
| Former Directorships (last 3 years): | Tesserent Limited (ASX: TNT) (resigned 23 November 2021) |
| Interests in shares: | 16,410,997 fully paid ordinary shares |
| Interests in rights: | 12,916,667 Performance Rights |
| Interest in convertible notes: | 75,000 Convertible Notes |
| Interest in convertible notes options: | 833,333 Convertible Note Options, exercisable at $0.09 (9 cents) each, expiring 21 September 2026 |

| | |
|---|---|
| Name: | Mr Gregory Ridder |
| Title: | Non-Executive Director (resigned 5 August 2024) |
| Qualifications: | BBus (Acc), Grad Dip (Mktg), GAICD, CPA |
| Experience and expertise: | Mr Ridder is an experienced Non-Executive Director currently serving on the boards of Kogan.com, Life Without Barriers, both of which he chairs, and PNG Sustainable Development Program.<br><br>Formerly Asia Pacific Regional President at NYSE-listed Owens-Illinois, he led growth and diversification from its traditional Australian base through numerous joint ventures and acquisitions. |
| Other current Directorships: | Chairman, Kogan.com (ASX: KGN) |
| Former Directorships (last 3 years): | None |
| Special responsibilities: | Chair, Audit and Risk Committee from 15 July 2020 to 9 July 2024<br>Member Audit and Risk Committee from 10 July 2024 to 5 August 2024 |

| | |
|---|---|
| | Member, Nomination and Remuneration Committee from 15 July 2020 to 5 August 2024 |
| Interests in shares: | 2,250,000 fully paid ordinary shares |
| Interests in rights: | Nil |

| | |
|---|---|
| Name: | Ms Lynn Warneke |
| Title: | Non-Executive Director (appointed 9 October 2023) |
| Qualifications: | LLM (New Technologies Law), BA (InfoSci), FGIA, FACS, GAICD |
| Experience and expertise: | Lynn is an experienced Chair and Non-executive Director, and has extensive background and expertise in strategy, digital services and product development, customer experience, emerging technologies, innovation and cybersecurity. Her industry experience spans professional services, retail/wholesale, government, tertiary education and consulting, as well as the technology and startup sectors.<br><br>Lynn's prior executive and consulting career includes senior roles in ASX and internationally listed companies, and Chief Operating Officer, Chief Information Officer and Deputy Chief Digital Officer positions in large public organisations, with operational accountability for corporate services, people and culture, finance and ICT functions. She has also consulted to clients including NAB, Telstra, KPMG, Aēsop, Coles and Transfield Services (now Broadspectrum).<br><br>Lynn is currently an industry mentor with Australian startup and scaleup hub, Stone & Chalk and a member of the ACS AI Ethics Committee. |
| Other current Directorships: | None |
| Former Directorships (last 3 years): | None |
| Special responsibilities: | Member, Nomination and Remuneration Committee from 29 January 2024<br>Member, Audit and Risk Committee from 29 January 2024 to 9 July 2024<br>Chair, Audit and Risk Committee from 10 July 2024 |
| Interests in shares: | 400,000 fully paid ordinary shares |
| Interests in rights: | Nil |

| | |
|---|---|
| Name: | Ms Michelle Bendschneider (resigned 31 August 2023) |
| Title: | Non-Executive Director |
| Qualifications: | Bachelor of Information Technology and GAICD |
| Experience and expertise: | Michelle is an experienced Executive, with an expansive background in building growth businesses in the Technology, Professional Services and Telecommunications sectors. During her career at IBM, Michelle held multiple Senior Executive roles in Technology services including consulting, professional services, and managed services. At Telstra, she successfully led the formation of a professional services business spanning cutting edge network services, cyber security solutions, collaboration solutions, Cloud services and IoT solutions, through a series of acquisitions and organic growth. Michelle went on to run the Product Group for Telstra Enterprise, where she led the strategy to transition and modernise legacy product portfolios to embrace Software Defined Networking, Cloud Services & Technologies, Cyber Security, IoT and Digital transformation capabilities. At CBA, Michelle led the delivery of technology enabled Security and Privacy solutions, addressing significant areas of risk for the organisation. |
| Other current Directorships: | None |
| Former Directorships (last 3 years): | None |
| Special responsibilities: | Member, Nomination and Remuneration Committee from 1 April 2022 to 31 August 2023.<br>Member, Audit and Risk Committee from 1 April 2022 to 31 August 2023 |
| Interests in shares: | N/A |
| Interests in rights: | N/A |

| | |
|---|---|
| Name: | Mr Elie Ayoub |
| Title: | Co-CEO Nexgen and Executive Director (resigned 5 August 2024) |
| Qualifications: | Nil |
| Experience and expertise: | Elie is a co-CEO of Nexgen, Spirit's Communication and Collaboration business which he co-founded in 2009 and has been jointly responsible for the growth and direction of the business. Elie has 25 years' experience in the telecommunications industry across the SME, residential, corporate and government customer segments. Prior to co-founding Nexgen, Elie held roles at Digitel, One.tel, Macquarie Telecom and Axis Telecom. Elie has broad experience managing a number of telecommunications functions including, provisioning, project management, network solutions, billing, finance, service, sales and marketing. Elie has been instrumental in building, developing and maintaining Nexgen's sales, marketing, HR and operational processes, and in managing strategic partnerships and vendor relationships. |
| Other current Directorships: | None |
| Former Directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 73,985,171 fully paid ordinary shares |
| Interests in rights: | Nil |

| | |
|---|---|
| Name: | Mr Julian Haber |
| Title: | Non-Executive Director (resigned 31 August 2023) |
| Qualifications: | Nil |
| Experience and expertise: | Julian is a highly regarded leader in Cyber Security and Information Technology, having built Intalock Technologies over the last 11 years which was acquired by Spirit in December 2020. During that time Intalock evolved from being a small start-up to providing mission critical services to Australia's largest enterprises and government departments across Australia, including Whole-of-Government cyber services protecting the G20 Brisbane summit. As CEO of Intalock (Spirit's Cyber business), Julian oversaw the strategy and growth of the company ensuring that it continues to innovate and deliver sophisticated cyber security solutions to its managed and professional services customers across varied industries.<br><br>Previously at Symantec, the world's largest Information Management and Cyber Security company at the time, Julian was responsible for the Public Sector - Queensland, Northern Territory and Pacific Islands. Under his five years of leadership, this region delivered annual revenue growth of over 300% and resulted in some of the largest and most loyal customers in the ANZ region. Having a wealth of experience, Julian has been invited to sit on numerous Global and Regional Partner Advisory Boards for some of the world's largest technology companies. |
| Other current Directorships: | N/A |
| Former Directorships (last 3 years): | N/A |
| Interests in shares: | N/A |
| Interests in rights: | N/A |

| | |
|---|---|
| Name: | Mr Shan Kanji |
| Title: | Non-Executive Director (appointed 31 January 2024) |
| Qualifications: | B.Com (Accounting), LL.B. |
| Experience and expertise: | Shan has over 20 years' experience as a senior business leader with a proven track record of running scale diversified and complex industrial and technology businesses in Australia and New Zealand. Mr Kanji also has extensive experience with start-ups in technology, property development, manufacturing and other sectors.<br><br>He is also a practicing lawyer and the Principal of legal firm Kanji & Co. |
| Other current Directorships: | Chairman, Atturra Ltd (ASX: ATA) |
| Former Directorships (last 3 years): | None |
| Special responsibilities: | Chair, Nomination and Remuneration Committee from 30 May 2024 |
| Interests in shares: | 465,437,935 fully paid ordinary shares |
| Interests in rights: | Nil |

| | |
|---|---|
| Name: | Mr Simon McKay |
| Title: | CEO of Cyber Security Segment and Executive Director (appointed 4 April 2024) |
| Qualifications: | Nil |
| Experience and expertise: | Simon is a seasoned leader in the cyber security industry with a track record of success spanning over two decades. Simon is the co-founder of two successful Australian cyber security businesses - Infotrust (acquired by Spirit effective 1 April 2024) a cyber consulting practice, and MyCISO, a SaaS management platform. Prior to co-founding Infotrust, Simon spent over 10 years leading sales teams at global cyber vendors such as Symantec and MessageLabs, where he was instrumental in establishing them as the market leader in Australia. He has collaborated closely with senior business, board and IT executives from some of Australia's largest organisations, helping secure them against the ever-evolving threats of cybercrime. |
| Other current Directorships: | None |
| Former Directorships (last 3 years): | None |
| Interests in shares: | 152,173,913 fully paid ordinary shares |
| Interests in rights: | Nil |

| | |
|---|---|
| Name: | Mr Dane Meah |
| Title: | Non-Executive Director (appointed 4 April 2024) |
| Qualifications: | Nil |
| Experience and expertise: | Dane co-founded Infotrust (acquired by Spirit effective 1 April 2024) in 2014 and during that time Infotrust evolved to develop deep domain expertise that combines internally developed products, services and third party technologies that supported their clients to become secure and more productive.<br><br>Prior to co-founding Infotrust, Dane played a key role in MessageLabs (under the Symantec umbrella) becoming the market leader in Australia over 7 years.<br><br>Dane is currently the CEO of cyber security SaaS business MyCISO, which launched in 2022 and has quickly scaled to be a leading, and award winning, security program management platform. |
| Other current Directorships: | None |
| Former Directorships (last 3 years): | None |
| Special responsibilities: | Member, Audit and Risk Committee from 30 May 2024 |
| Interests in shares: | 152,173,913 fully paid ordinary shares |
| Interests in rights: | Nil |

'Other current Directorships' quoted above are current Directorships for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

'Former Directorships (last 3 years)' quoted above are Directorships held in the last 3 years for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

## Company secretary

Ms Melanie Leydin, BBus (Acc. Corp Law) CA FGIA

Melanie Leydin has over 30 years' experience in the accounting profession and over 20 years' experience as a Company Director, including as nominated Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganization of Companies, initial public offerings, secondary raisings and shareholder relations.

Melanie holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a Member of the Chartered Accountants Australia and New Zealand, a Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Melanie founded and was principal of a renowned Australian professional services firm from February 2000. In November 2021 Vistra Group acquired that business and Melanie is now Vistra Australia's Managing Director.

## Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

| | Full Board | | Nomination and Remuneration Committee | | Audit and Risk Committee | |
|---|---|---|---|---|---|---|
| | **Attended** | **Held** | **Attended** | **Held** | **Attended** | **Held** |
| Mr James Joughin | 13 | 13 | 5 | 5 | 4 | 4 |
| Mr Julian Challingsworth | 13 | 13 | - | - | - | - |
| Mr Elie Ayoub | 13 | 13 | - | - | - | - |
| Mr Simon McKay * | 3 | 3 | - | - | - | - |
| Mr Dane Meah * | 3 | 3 | - | - | - | - |
| Mr Shan Kanji ** | 5 | 5 | 1 | 1 | - | - |
| Ms Lynn Warneke *** | 10 | 10 | 2 | 2 | 3 | 3 |
| Mr Gregory Ridder | 12 | 13 | 4 | 5 | 4 | 4 |
| Mr Julian Haber ***** | 2 | 2 | - | - | - | - |
| Ms Michelle Bendschneider **** | 2 | 2 | 1 | 2 | - | 1 |

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

* Mr Simon McKay and Mr Dane Meah were appointed to the Board effective 4 April 2024.
** Mr Shan Kanji was appointed to the Board effective 31 January 2024.
*** Ms Lynn Warneke was appointed to the Board effective 9 October 2023.
**** Ms Michelle Bendschneider resigned from the Board effective 31 August 2023.
***** Mr Julian Haber resigned from the Board effective 31 August 2023.

## Remuneration Report (audited)

The Remuneration Report details the key management personnel ("KMP") remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The Remuneration Report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

***Principles used to determine the nature and amount of remuneration***

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Consolidated Entity depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, particularly growth in share price, and delivering constant or increasing return on capital as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

*Non-Executive Directors remuneration*

The annual Non-Executive Director Chairman fees are $120,000 per annum, which took effect from 1 July 2021.

The annual Non-Executive Director member fees are $75,000 per annum, which took effect from 1 July 2021.

The annual Chair Fee for the Chair of the Audit and Risk Committee and Nomination and Remuneration Committee are $10,000 per annum, which took effect from 1 July 2021. Committee members do not currently receive any additional fees.

Under the Constitution the Directors decide the total amount paid to each Director as remuneration for their services. Under ASX Listing Rules, the total amount paid to all Non-Executive Directors must not exceed in total in any financial year the amount fixed at the annual general meeting of the Company held on 13 October 2020, which is presently $500,000. Remuneration must not include a commission on, or a percentage of, the profits or income of the Company.

Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently of the fees of other Non-Executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the Company.

There are no proposed retirement benefit schemes for Directors other than statutory superannuation contributions.

*Executive remuneration*

The Consolidated Entity aims to reward executives based on their position and responsibility with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- long-term incentives in the form of share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive.

*Use of remuneration consultants*

The Company engages the services of independent and specialist remuneration consultants from time to time to benchmark the remuneration of Directors and KMP, and to assist the Company in ensuring that its remuneration arrangements remain competitive. No remuneration consultants were engaged for the year ended 30 June 2024. During the previous financial year ended 30 June 2023, the Company engaged a specialist remuneration consultant, SLM Corporate to provide advice in relation to recommendations regarding the remuneration package of the Managing Director and CEO, and recommendations in relation to the LTI framework of the Company. The amount paid for this advice and recommendations during the financial year ended 30 June 2024 amounted to $Nil (2023: $27,500).

The Board was satisfied that the advice received was free from any undue influence by the KMP to whom the advice may relate, because protocols were observed and complied with regarding any interaction between SLM Corporate and management, and because all remuneration advice was provided to the Remuneration and Nomination Committee.

*Consolidated Entity performance and link to remuneration*

Currently, the Consolidated Entity assesses its performance in relation to achievement of operational goals and shareholder value. The performance measures for both the Company’s Short Term Incentive Plan (STI Plan) and Long Term Incentive Plan (LTI Plan) are tailored to align at-risk remuneration and performance hurdle thresholds to the delivery of the Consolidated Entity’s operational and financial objectives and sustained shareholder value growth.

This is achieved through certain executives being entitled to both short-term and long-term incentives. The STI Plan primarily incorporates operational and financial performance objectives into its hurdles. The LTI Plan generally incorporates into its performance measures, Relative Total Shareholder Return (Relative TSR) and Absolute Total Shareholder Return (Absolute TSR) hurdles.

The LTI Plan is part of the Company’s remuneration strategy and is designed to align the interests of management and shareholders (Total Shareholder Return measurement) and assist the Company to attract, motivate and retain executives. In particular, the LTI Plan is designed to provide relevant Executive Directors, key employees and other selected personnel with an incentive to remain with Spirit and contribute to the future performance of the Group over the long term. Further details on the LTI Plan are presented in Share Based Compensation of this Directors’ report.

*Voting and comments made at the Company's 24 November 2023 Annual General Meeting ('AGM')*

At the 24 November 2023 AGM, 96.55% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

The key management personnel of the Consolidated Entity consisted of the following Directors and other executives of Spirit Technology Solutions Ltd:

- James Joughin, Non-Executive Chairman
- Julian Challingsworth, Managing Director and Chief Executive Officer
- Simon McKay, CEO of Cyber Security Segment and Executive Director (appointed 4 April 2024)
- Dane Meah, Non-Executive Director (appointed 4 April 2024)
- Shan Kanji, Non-Executive Director (appointed 31 January 2024)
- Lynn Warneke, Non-Executive Director (appointed 9 October 2023)
- Gregory Ridder, Non-Executive Director (resigned 5 August 2024)
- Elie Ayoub, Co-CEO Nexgen and Executive Director (resigned 5 August 2024)
- Nathan Knox, Chief Operating Officer (appointed as a member of key management personnel effective 15 August 2022)
- James Harb, Co-CEO Nexgen (appointed as a member of key management personnel effective 1 February 2023)
- Paul Miller, Chief Financial Officer
- Julian Haber, Non-Executive Director (resigned 31 August 2023)
- Michelle Bendschneider, Non-Executive Director (resigned 31 August 2023)

*Amounts of remuneration*

Details of the remuneration of key management personnel of the Consolidated Entity are set out in the following tables.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| | **Cash salary and fees** | **Cash bonus+** | **Other payments** | **Super-annuation** | **Long service leave** | **Equity-settled** | **Total** |
| **2024** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| *Non-Executive Directors:* | | | | | | | |
| James Joughin | 116,354 | - | - | 12,799 | - | - | 129,153 |
| Gregory Ridder | 85,000 | - | - | - | - | - | 85,000 |
| Shan Kanji* | 32,022 | - | - | - | - | - | 32,022 |
| Lynn Warneke** | 49,106 | - | - | 5,402 | - | - | 54,508 |
| Dane Meah**** | 16,246 | - | - | 1,787 | - | - | 18,033 |
| Michelle Bendschneider*** | 11,364 | - | - | 1,250 | - | - | 12,614 |
| Julian Haber*** | 12,500 | - | - | - | - | - | 12,500 |
| *Executive Directors:* | | | | | | | |
| Julian Challingsworth | 400,000 | 90,000 | - | 53,900 | 1,908 | 177,300 | 723,108 |
| Simon McKay**** | 38,470 | - | - | 4,232 | 777 | - | 43,479 |
| Elie Ayoub | 400,000 | - | - | 41,800 | 11,826 | - | 453,626 |
| *Other Key Management Personnel:* | | | | | | | |
| Nathan Knox | 275,000 | 25,000 | - | 33,000 | 1,249 | 52,530 | 386,779 |
| James Harb | 400,000 | - | - | 41,800 | 14,608 | - | 456,408 |
| Paul Miller | 300,000 | 37,500 | | 37,125 | 7,847 | 62,468 | 444,940 |
| | **2,136,062** | **152,500** | **-** | **233,095** | **38,215** | **292,298** | **2,852,170** |

* Mr Shan Kanji was appointed as a Director on 31 January 2024.
** Ms Lynn Warneke was appointed as a Director on 9 October 2023.
*** Ms Michelle Bendschneider and Mr Julian Haber resigned as Directors on 31 August 2023.
**** Mr Dane Meah and Mr Simon McKay were appointed as Directors on 4 April 2024.
\+ The cash bonus payments related to a one-off payment associated with the convertible note raise

| | **Short-term benefits** | | | **Post-employment benefits** | **Long-term benefits** | **Share-based payments** | |
|---|---|---|---|---|---|---|---|
| | **Cash salary and fees** | **Cash bonus+** | **Other payments** | **Super-annuation** | **Long service leave** | **Equity-settled** | **Total** |
| **2023** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| *Non-Executive Directors:* | | | | | | | |
| James Joughin | 118,181 | - | - | 12,409 | - | - | 130,590 |
| Gregory Ridder | 85,000 | - | - | - | - | - | 85,000 |
| Michelle Bendschneider^ | 68,182 | - | 33,139 | 7,159 | - | - | 108,480 |
| Julian Haber* | 37,500 | - | - | - | - | - | 37,500 |
| *Executive Directors:* | | | | | | | |
| Julian Challingsworth** | 389,487 | - | - | 40,896 | 586 | 108,286 | 539,255 |
| Julian Haber* | 133,632 | - | - | 9,273 | (3,929) | - | 138,976 |
| *Elie Ayoub**** | 253,682 | - | - | 24,981 | 13,436 | - | 292,099 |
| Sol Lukatsky**** | 1,538 | - | 153,035 | 15,023 | (26,942) | 145,937 | 288,591 |
| *Other Key Management Personnel:* | | | | | | | |
| *Nathan Knox#* | 231,074 | - | - | 24,263 | 381 | 25,138 | 280,856 |
| *James Harb##* | 241,460 | - | - | 23,770 | 10,653 | - | 275,883 |
| Mark Dioguardi### | 41,250 | - | - | 4,331 | - | 19,028 | 64,609 |
| Paul Miller+ | 300,000 | 50,000 | - | 36,750 | 3,057 | 67,972 | 457,779 |
| | **1,900,986** | **50,000** | **186,174** | **198,855** | **(2,758)** | **366,361** | **2,699,618** |

^ Ms Michelle Bendschneider provided strategic consultancy services to the Company and was paid a fee of $33,139 during the year ended 30 June 2023. This payment is shown in 'Other Payments'.
* Mr Julian Haber was appointed to the Board in an Executive Director capacity effective 1 April 2022. He moved into a Non-Executive capacity effective 19 November 2022. The remuneration noted above reflects the apportionment for these two positions.
** Mr Julian Challingsworth was appointed as Managing Director effective 11 July 2022.
*** Mr Elie Ayoub was appointed as a member of KMP effective, 1 February 2023 and appointed as an Executive Director on 8 June 2023. The remuneration disclosed represents his remuneration for the period 1 July 2022 to 30 June 2023. The total remuneration component related to his period as a KMP was $129,764 and the total remuneration component related to his period as an executive director was $25,118.
**** Mr Sol Lukatsky resigned from the Board on 2 July 2022. The balance shown in 'Other' relates to termination payments. The share-based payments represent the full year expense for the performance rights that remain on foot.
\# Mr Nathan Knox commenced with the Company on 15 August 2022 and was appointed as a member of KMP effective from that date.
\## Mr James Harb was appointed as a member of KMP effective, 1 February 2023. The remuneration disclosed represents his remuneration for the period 1 July 2022 to 30 June 2023. The total remuneration component related to his period as a KMP was $139,964.
\### Mr Mark Dioguardi ceased as a member of KMP effective 15 August 2022. The remuneration disclosed represents his remuneration for the period 1 July 2022 to 15 August 2022.
\+ Mr Paul Miller was awarded a cash retention bonus in respect of his FY23 remaining tenure, paid in FY23.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| | Fixed remuneration | | At risk - STI | | At risk - LTI | |
|---|---|---|---|---|---|---|
| **Name** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** |
| *Non-Executive Directors:* | | | | | | |
| James Joughin | 100% | 100% | - | - | - | - |
| Gregory Ridder | 100% | 100% | - | - | - | - |
| Shan Kanji | 100% | - | - | - | - | - |
| Lynn Warneke | 100% | - | - | - | - | - |
| Dane Meah | 100% | - | - | - | - | - |
| Michelle Bendschneider | 100% | 100% | - | - | - | - |
| Julian Haber | 100% | 100% | - | - | - | - |
| *Executive Directors:* | | | | | | |
| Julian Challingsworth | 62% | 80% | 14% | - | 24% | 20% |
| Simon McKay | 100% | - | - | - | - | - |
| Julian Haber | 100% | 100% | - | - | - | - |
| Elie Ayoub | 100% | 100% | - | - | - | - |
| Sol Lukatsky | - | 49% | - | - | - | 51% |
| *Other Key Management Personnel:* | | | | | | |
| Nathan Knox | 79% | 91% | 7% | - | 14% | 9% |
| James Harb | 100% | 100% | - | - | - | - |
| Mark Dioguardi | - | 71% | - | - | - | 29% |
| Paul Miller | 77% | 85% | 9% | - | 14% | 15% |

***Service agreements***

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Julian Challingsworth |
| Title: | Managing Director and Chief Executive Officer |
| Agreement commenced: | 11 July 2022 |
| Term of agreement: | No fixed term. Ongoing until terminated by either party with three months' written notice. |
| Details: | Effective 11 July 2022, fixed remuneration of $400,000 per annum, plus statutory superannuation.<br><br>Mr Challingsworth will be entitled to a potential short-term incentive (STI) of up to $100,000 per annum, representing 25% of his base remuneration. The STI is subject to achievement of Key Performance Indicators (KPIs) to be determined from time to time by the Board.<br><br>On commencement, Mr Challingsworth received an initial long-term incentive (LTI) grant of 6,250,000 Performance Rights, vesting over a three-year period (1 July 2022 to 30 June 2025) subject to continued employment and satisfaction of a relative Total Shareholder Return performance hurdles measured against a comparator group of companies. After the initial LTI detailed above for FY2023, from FY2024 Mr. Challingsworth will be entitled to an annual allocation of Performance Rights pursuant to the terms of the Company's Employee Incentive Plan (EIP). In the 2024 financial year, Mr Challingsworth was issued an LTI in the form of 6,666,667 Performance Rights following shareholder approval, vesting on satisfaction of performance hurdles, over a performance period commencing on 1 July 2023 and ending on 30 June 2026, which was based on an LTI entitlement of 75% of Annual Base Salary can be paid to him from FY2024. Subject to shareholder approval, the LTI will be granted on an annual basis, and vesting will be contingent on the achievement of specific performance hurdles.<br><br>Mr. Challingsworth has agreed to purchase at least $75,000 each year in shares. He must ensure that he complies with the terms of the Securities Trading Policy before doing so.<br><br>The Company has also implemented a Loan Funded Share Plan which was approved by shareholders at the Annual General Meeting held on 17 November 2022, where Mr. Challingsworth was invited to obtain a loan from the Company to purchase or reimburse him for purchases of up to $380,000 worth of shares on 2 separate occasions, no later than 15 months after the date of shareholder approval. |

| | |
|---|---|
| Name: | Mr Simon McKay |
| Title: | Chief Executive Officer of the Cyber Security segment and Executive Director (appointed as an Executive Director on 4 April 2024) |
| Agreement commenced: | 4 April 2024 |
| Term of agreement: | No fixed term. Ongoing until terminated by either party with two months' written notice. |
| Details: | As the CEO of the Cyber Security segment, Mr McKay's base salary is $160,000 per annum plus statutory superannuation and discretionary benefits totalling $1,152 per annum.<br><br>Mr McKay is also entitled to a maximum short-term incentive opportunity up to $31,000 plus statutory superannuation. |

| | |
|---|---|
| Name: | Mr Elie Ayoub |
| Title: | Communication and Collaboration Co Chief Executive Officer and Executive Director (resigned 5 August 2024) |
| Agreement commenced: | 1 April 2021, terms revised on 1 January 2023, 1 April 2023 and 1 July 2023 |
| Term of agreement: | No fixed term. Ongoing until terminated by either party with three months' written notice. |
| Details: | As co-CEO of Nexgen, Spirit's Communication and Collaboration Business, Mr Ayoub's base salary is $380,000 per annum, plus statutory superannuation and car allowance ($20,000). There is no contractual short-term incentive or long-term incentive. |

| | |
|---|---|
| Name: | Mr James Harb |
| Title: | Communication and Collaboration Co Chief Executive Officer |
| Agreement commenced: | 1 April 2021, terms revised on 1 January 2023 and 1 July 2023 |
| Term of agreement: | No fixed term. Ongoing until terminated by either party with three months' written notice. |
| Details: | As co-CEO of Nexgen, Spirit's Communication and Collaboration business, Mr Harb's base salary is $380,000 per annum, plus statutory superannuation and car allowance ($20,000). There is no contractual short-term incentive or long-term incentive. |

| | |
|---|---|
| Name: | Mr Nathan Knox |
| Title: | Chief Operating Officer – Spirit Group |
| Agreement commenced: | 15 August 2022, terms revised on 1 November 2022 |
| Term of agreement: | No fixed term. Ongoing until terminated by either party with two months' written notice. |
| Details: | Effective 1 November 2022, fixed remuneration of $275,000 per annum, plus statutory superannuation. In the 2024 financial year Mr Knox is entitled to a potential short-term incentive (STI) of up to $50,000 (excluding superannuation). In the 2024 financial year, Mr Knox was issued an LTI in the form of 1,900,000 Performance Rights, vesting on satisfaction of performance hurdles, over a performance period commencing on 1 July 2023 and ending on 30 June 2026. |

| | |
|---|---|
| Name: | Mr Paul Miller |
| Title: | Chief Financial Officer |
| Agreement commenced: | 25 November 2019, terms revised on 1 October 2021 |
| Term of agreement: | No fixed term. Ongoing until terminated by either party with three months written notice. |
| Details: | Effective 1 October 2021, fixed remuneration of $300,000 per annum, plus statutory superannuation. In the 2024 financial year Mr Miller is entitled to a potential short-term incentive (STI) of up to $75,000, representing 25% of his base remuneration (excluding superannuation). In the 2024 financial year, Mr Miller was issued an LTI in the form of 2,000,000 Performance Rights, vesting on satisfaction of performance hurdles, over a performance period commencing on 1 July 2023 and ending on 30 June 2026. |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

***Share-based compensation***

*Issue of shares*

Mr Julian Challingsworth, Managing Director and Chief Executive Officer is party to a Loan Share Plan that was approved by shareholders on 17 November 2022. Pursuant to the terms of the Plan he is able to finance the market value acquisition of Spirit shares on the ASX by way of a limited recourse loan or use the loan to reimburse Spirit share purchases to a value of up to $760,000.

The loan will become repayable if Mr Challingsworth ceases to be an employee of the Company and in other circumstances set out in the Plan. The loan is limited recourse, meaning that it can be satisfied in full by selling shares the subject of the loan. If the market value of the shares at that time is below the amount of the loan, Mr Challingsworth will not be required to pay the difference in value. To access the shares (for example, if Mr Challingsworth wanted the ability to sell the shares) he will first have to repay the cash amount of the loan. Escrow may also apply to shares in excess of the loan amount.

The loan is subject to interest at the 2-year Bank Bill Swap Rate to be determined at the date of the loan. Interest will be capitalised on the loan amount on a quarterly basis and on repayment will be added to the amount of the loan.

As at 30 June 2024 the loan amount is $757,000 (including capitalised interest).

There were no other shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2024.

*Options*

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2024.

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*Performance Rights*
The terms and conditions of each grant of Performance Rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

| Grant date | Vesting date and exercisable date | Expiry date | Share price hurdle for vesting | Fair value per right |
|---|---|---|---|---|
| 29 November 2021 | 30 June 2024 | 7 April 2025 | $0.33 | $0.0970 |
| 29 November 2021 | 30 June 2024 | 7 April 2025 | $0.00 | $0.0540 |
| 11 March 2022 | 30 June 2024 | 7 April 2025 | $0.33 | $0.0720 |
| 11 March 2022 | 30 June 2024 | 7 April 2025 | $0.00 | $0.0160 |
| 11 July 2022 | 30 June 2025 | 30 June 2026 | $0.00 | $0.0519 |
| 10 February 2023 | 30 June 2024 | 10 February 2026 | $0.093 | $0.0482 |
| 10 February 2023 | 30 June 2024 | 10 February 2026 | $0.124 | $0.0346 |
| 10 February 2023 | 30 June 2024 | 10 February 2026 | $0.155 | $0.0245 |
| 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.093 | $0.0547 |
| 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.124 | $0.0453 |
| 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.155 | $0.0376 |
| 29 December 2023 | 30 June 2026 | 29 December 2026 | $0.0675 | $0.0522 |
| 29 December 2023 | 30 June 2026 | 29 December 2026 | $0.09 | $0.0473 |
| 29 December 2023 | 30 June 2026 | 29 December 2026 | $0.1125 | $0.0429 |
| 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.075 | $0.0418 |
| 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.0938 | $0.0371 |
| 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.1125 | $0.0330 |

| Name | Number of rights granted | Grant date | Vesting date and exercisable date | Expiry date | Share price hurdle for vesting | Fair value per right at grant date |
|---|---|---|---|---|---|---|
| Sol Lukatsky | 3,000,000 | 29 November 2021 | 30 June 2024 | 7 April 2025 | $0.33 | $0.0970 |
| Sol Lukatsky | 3,000,000 | 29 November 2021 | 30 June 2024 | 7 April 2025 | $0.00 | $0.0540 |
| Mark Dioguardi | 2,500,000 | 29 November 2021 | 30 June 2024 | 7 April 2025 | $0.33 | $0.0970 |
| Mark Dioguardi | 2,500,000 | 29 November 2021 | 30 June 2024 | 7 April 2025 | $0.00 | $0.0540 |
| Paul Miller | 750,000 | 11 March 2022 | 30 June 2024 | 7 April 2025 | $0.33 | $0.0720 |
| Paul Miller | 750,000 | 11 March 2022 | 30 June 2024 | 7 April 2025 | $0.00 | $0.0160 |
| Julian Challingsworth | 6,250,000 | 11 July 2022 | 30 June 2025 | 30 June 2026 | $0.00 | $0.0519 |
| Paul Miller | 546,667 | 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.093 | $0.0547 |
| Paul Miller | 546,667 | 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.124 | $0.0453 |
| Paul Miller | 546,666 | 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.155 | $0.0376 |
| Nathan Knox | 519,333 | 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.093 | $0.0547 |
| Nathan Knox | 519,333 | 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.124 | $0.0453 |
| Nathan Knox | 519,334 | 10 February 2023 | 30 June 2025 | 10 February 2026 | $0.155 | $0.0376 |
| Julian Challingsworth | 2,222,222 | 29 December 2023 | 30 June 2026 | 29 December 2026 | $0.0675 | $0.0522 |
| Julian Challingsworth | 2,222,222 | 29 December 2023 | 30 June 2026 | 29 December 2026 | $0.09 | $0.0473 |
| Julian Challingsworth | 2,222,223 | 29 December 2023 | 30 June 2026 | 29 December 2026 | $0.1125 | $0.0429 |
| Paul Miller | 666,666 | 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.075 | $0.0418 |
| Paul Miller | 666,667 | 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.0938 | $0.0371 |
| Paul Miller | 666,667 | 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.1125 | $0.0330 |
| Nathan Knox | 633,333 | 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.075 | $0.0418 |
| Nathan Knox | 633,333 | 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.0938 | $0.0371 |
| Nathan Knox | 633,334 | 14 June 2024 | 30 June 2026 | 14 June 2027 | $0.1125 | $0.0330 |

Performance Rights granted carry no dividend or voting rights.

The Performance Rights were issued for $Nil consideration, and the vesting of the rights is contingent on the Company achieving certain hurdles over a three-year performance period, and in some cases share price performance hurdles.

**The performance hurdles for the Performance Rights issued to Julian Challingsworth in December 2023 are as follows:**

**Absolute TSR**

100% of the Performance Rights vest based on absolute total shareholder return ("**Absolute TSR**") performance of the Company, and service conditions outlined below.

The vesting schedule is set out below:

- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.0675** at any time between grant and 30 June 2026.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.09** at any time between grant and 30 June 2026.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.1125** at any time between grant and 30 June 2026.

**The performance hurdles for the Performance Rights issued in June 2024 are as follows:**

**Absolute TSR**

100% of the Performance Rights vest based on absolute total shareholder return ("**Absolute TSR**") performance of the Company, and service conditions outlined below.

The vesting schedule is set out below:

- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.0750** at any time between grant and 30 June 2026 and the participant remains employed by the Company up until the achievement of this VWAP hurdle.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.0938** at any time between grant and 30 June 2026 and the participant remains employed by the Company up until the achievement of this VWAP hurdle.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.1125** at any time between grant and 30 June 2026 and the participant remains employed by the Company up until the achievement of this VWAP hurdle.

In addition, for each of the three Tranches above, the following vesting conditions must also be met:

- only 50% of the Performance Rights in each tranche will vest if the participant remains continuously employed with the Company until 31 December 2024 and the Vesting Conditions for each tranche above have been met. If the participant does not remain continuously employed with the Company until 31 December 2024, none of the three tranches of Performance Rights above will be eligible to vest.

- the remaining 50% of the Performance Rights in each tranche will only vest if the participant remains continuously employed with the Company until 30 June 2026 and the Vesting Conditions for each tranche above have been met.

**The performance hurdles for the Performance Rights issued in February 2023 are as follows:**

**Absolute TSR**

100% of the Performance Rights vest based on absolute total shareholder return ("**Absolute TSR**") performance of the Company, and service conditions outlined below.

The vesting schedule is set out below:

- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.0930** at any time between grant and 30 June 2025.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.1240** at any time between grant and 30 June 2025.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.1550** at any time between grant and 30 June 2025.

The vesting conditions above are also subject to the following conditions. For each of the three Tranches above, 50% of the Performance Rights in each tranche will only vest if the participant remains employed with the Company until 31 December 2023 and the vesting conditions for each tranche above have been met, with the remaining 50% of the Performance Rights in each tranche, subject to remaining employeed with the Company until 31 December 2024 and the vesting conditions for each tranche above being met.

**The performance hurdles for the Performance Rights issued to Julian Challingsworth in July 2022, are as follows:**

**Relative TSR**

100% of the Performance Rights are subject to a Relative TSR performance hurdle and will be eligible to vest and become exercisable into Shares, assuming the relevant performance hurdles are met at the end of the Performance Period.

The vesting schedule is set out below:

- If the TSR is at the 50th percentile of the peer group, 65% of the rights will vest;
- If the TSR is at the 90th percentile of the peer group, 100% of the rights will vest; and
- If the TSR is between the 50th and 90th percentile, a pro rata number of rights will vest.

*Measurement*

The number of Performance Rights which vest is determined by assessing the performance of the Company, as measured by TSR relative to a comparator group of companies. The VWAP of the Shares in the one-month preceding the Performance Date compared to the VWAP of the Shares in the one month preceding the commencement of the Performance Period (which commenced on 1 July 2022), will be used in calculating TSR over the Performance Date. The TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

**The performance hurdles for Performance Rights issued 29 November 2021 and 11 March 2022 are based on the Company's TSR performance:**

(a) 50% of the Performance Rights that are subject to the Relative TSR performance hurdle will be eligible to vest and become exercisable into Shares, assuming the relevant performance hurdles are met, at the end of year 2, and the balance at the end of year 3 (with the opportunity for a catch up at the end of year 3 if the milestones are not met at the end of the second year but are met at the end of the third year).

The Relative TSR would only be achieved subject to a minimum share price of $0.33 (33 cents). The vesting schedule would be as set out below:

- If the TSR is at the 50th percentile of the peer group, 65% of the rights will vest;
- If the TSR is at the 90th percentile of the peer group, 100% of the rights will vest; and
- If the TSR is between the 50th and 90th percentile, a pro rata number of rights will vest.

*Measurement*

The number of Performance Rights which vest is determined by assessing the performance of the Company, as measured by TSR relative to a comparator group of companies. The VWAP of the Shares in the one-month preceding the Performance Dates compared to the VWAP of the Shares in the one month preceding the commencement of the Performance Period, will be used in calculating TSR over the Performance Dates. The TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

**Absolute TSR**

(b) 50% of the Performance Rights that are subject to the Absolute TSR performance hurdle will be eligible to vest and become exercisable into Shares, assuming the relevant performance hurdles are met, at the end of year 2, and the balance at the end of year 3 (with the opportunity for a catch up at the end of year 3 if the milestones are not met at the end of the second year but are met at the end of the third year). The portion of Performance Rights that are subject to the Absolute TSR will only vest and become exercisable into Shares as per the vesting schedule set out below:

- 50% at 33 cents
- 100% at 40 cents
- The difference between 50% and 100% based on a sliding scale between 33 cents and 40 cents.

*Measurement*

The number of Performance Rights which vest is determined by assessing the Share price performance of the Company. The VWAP of the Shares in the one-month preceding the Performance Dates will be used in calculating Share price performance over the Performance Dates.

The Nomination and Remuneration Committee will test performance against the Performance Hurdles to determine whether the Performance Rights are eligible to vest shortly after the end of Performance Dates.

If the Performance Hurdles are not satisfied by the end of the Performance Period, the Performance Rights will lapse unless the Nomination and Remuneration Committee exercises its discretion to waive the Performance Hurdle in whole or in part.

For the Performance Rights granted during FY20 and FY21, 30% of the maximum amount of Performance Rights that may vest are at risk, if appropriate behaviors, as measured by a 360-degree feedback review are not met. An overall 75% of agreed or strongly agreed needs to be achieved in the 360-degree feedback result. At the Annual General Meeting held on 29 November 2021, the terms of previously issued Performance Rights were changed to remove the Return on Invested Capital (ROIC) vesting condition and replaced with the TSR performance hurdles as outlined above. The Board considered that the previous ROIC hurdle was no longer fit for purpose or relevant to the Company, as the cost of capital on which the ROIC was based has changed significantly over the years, and establishing the appropriate capital base for the determination of ROIC is challenging considering the business strategy has changed.

The number of Performance Rights over ordinary shares granted to and vested by Executive Directors and other KMP as part of compensation during the year ended 30 June 2024 are set out below:

| Name | Number of rights granted during the year 2024 | Number of rights granted during the year 2023 | Number of rights vested during the year 2024 | Number of rights vested during the year 2023 |
|---|---|---|---|---|
| Julian Challingsworth | 6,666,667 | 6,250,000 | - | - |
| Nathan Knox | 1,900,000 | 1,558,000 | - | - |
| Paul Miller | 2,000,000 | 1,640,000 | - | - |

### *Additional information*

The earnings of the Consolidated Entity for the five years to 30 June 2024 are summarised below:

| | 2024 $'000 | 2023 $'000 | 2022 $'000 | 2021 $'000 | 2020 $'000 |
|---|---|---|---|---|---|
| Revenue and other income | 126,119 | 127,271 | 138,732 | 104,469 | 34,874 |
| Net (loss)/profit before tax | (13,438) | (13,919) | (55,041) | 1,345 | (2,043) |
| Net (loss)/profit after tax | (10,547) | (11,389) | (53,166) | 1,157 | (1,515) |
| Share price | $0.041 | $0.050 | $0.053 | $0.26 | $0.24 |

***Additional disclosures relating to key management personnel (KMP)***

*Shareholding*

The number of shares in the Company held during the financial year by each Director of the Company and other members of KMP of the Consolidated Entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Balance on the date of becoming a KMP | Additions | Disposals / Other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| James Joughin | 5,459,936 | - | - | - | 5,459,936 |
| Julian Challingsworth | 11,646,891 | - | 4,764,106 | - | 16,410,997 |
| Simon McKay | - | 152,173,913 | - | - | 152,173,913 |
| Dane Meah | - | 152,173,913 | - | - | 152,173,913 |
| Shan Kanji | - | 145,437,935 | 320,000,000 | - | 465,437,935 |
| Lynn Warneke* | - | - | 400,000 | - | 400,000 |
| Julian Haber** | 5,693,092 | - | - | (5,693,092) | - |
| Gregory Ridder | 2,250,000 | - | - | - | 2,250,000 |
| Michelle Bendschneider** | 465,000 | - | - | (465,000) | - |
| Elie Ayoub | 73,985,171 | - | - | - | 73,985,171 |
| James Harb | 70,560,862 | - | - | - | 70,560,862 |
| Nathan Knox | - | - | - | - | - |
| Paul Miller | 196,127 | - | - | - | 196,127 |
| | 170,257,079 | 449,785,761 | 325,164,106 | (6,158,092) | 939,048,854 |

* Ms Lynn Warneke was appointed to the Board effective 9 October 2023. Upon appointment, Ms Warneke had no shareholding in the Company.

** Mr Julian Haber and Ms Michelle Bendschneider resigned from the Board on 31 August 2023. The balance disclosed in the "Disposals/other" column represents their shareholding on the date of resignation.

*Performance Rights holding*

The number of Performance Rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Vested/ exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Performance Rights over ordinary shares* | | | | | |
| Julian Challingsworth | 6,250,000 | 6,666,667 | - | - | 12,916,667 |
| Nathan Knox | 1,558,000 | 1,900,000 | - | - | 3,458,000 |
| Paul Miller | 3,613,417 | 2,000,000 | - | (473,417) | 5,140,000 |
| | 11,421,417 | 10,566,667 | - | (473,417) | 21,514,667 |

***This concludes the Remuneration Report, which has been audited.***

**Shares under option**

Unissued ordinary shares of Spirit Technology Solutions Ltd under option at the date of this report are as follows.

| Grant date | Expiry date | Issue price of shares | Number under option |
|---|---|---|---|
| 25 July 2024 | 24 July 2029 | $0.0375 | 26,666,664 |
| | | | 26,666,664 |

### Shares under Performance Rights
Unissued ordinary shares of Spirit Technology Solutions Ltd under Performance Rights at the date of this report are as follows:

| Grant date | Expiry date | Number under rights |
|---|---|---|
| 29 November 2021 | 7 April 2025 | 4,513,686 |
| 11 March 2022 | 7 April 2025 | 1,694,799 |
| 11 July 2022 | 30 June 2026 | 6,250,000 |
| 10 February 2023 | 10 February 2026 | 11,252,000 |
| 29 December 2023 | 29 December 2026 | 6,666,667 |
| 14 June 2024 | 14 June 2027 | 17,805,000 |
| | | 48,182,152 |

No person entitled to exercise the Performance Rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

### Shares issued on the exercise of options
There were no ordinary shares of Spirit Technology Solutions Ltd issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

### Shares issued on the exercise of Performance Rights
The were no ordinary shares of Spirit Technology Solutions Ltd issued on exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

### Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### Indemnity and insurance of auditor
The Company has not during or since the end of the financial year indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of the Company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Non-audit services**
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 30 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

**Officers of the Company who are former partners of PKF Melbourne Audit & Assurance Pty Ltd**
There are no officers of the Company who are former partners of PKF Melbourne Audit & Assurance Pty Ltd.

**Rounding of amounts**
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest ‘000 dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

**Auditor**
PKF Melbourne Audit & Assurance Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

**Spirit Technology Solutions Ltd**
**Directors' report**
**30 June 2024**

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

James Joughin
Non-Executive Chairman

23 August 2024

# Auditor's Independence Declaration

PKF Melbourne Audit & Assurance Pty Ltd
ABN 75 600 749 184
Level 15, 500 Bourke Street
Melbourne, Victoria 3000

T: +61 3 9679 2222
F: +61 3 9679 2288
info@pkf.com.au
pkf.com.au

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SPIRIT TECHNOLOGY SOLUTIONS LTD**

In relation to our audit of the financial report of Spirit Technology Solutions Ltd for year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001; and
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

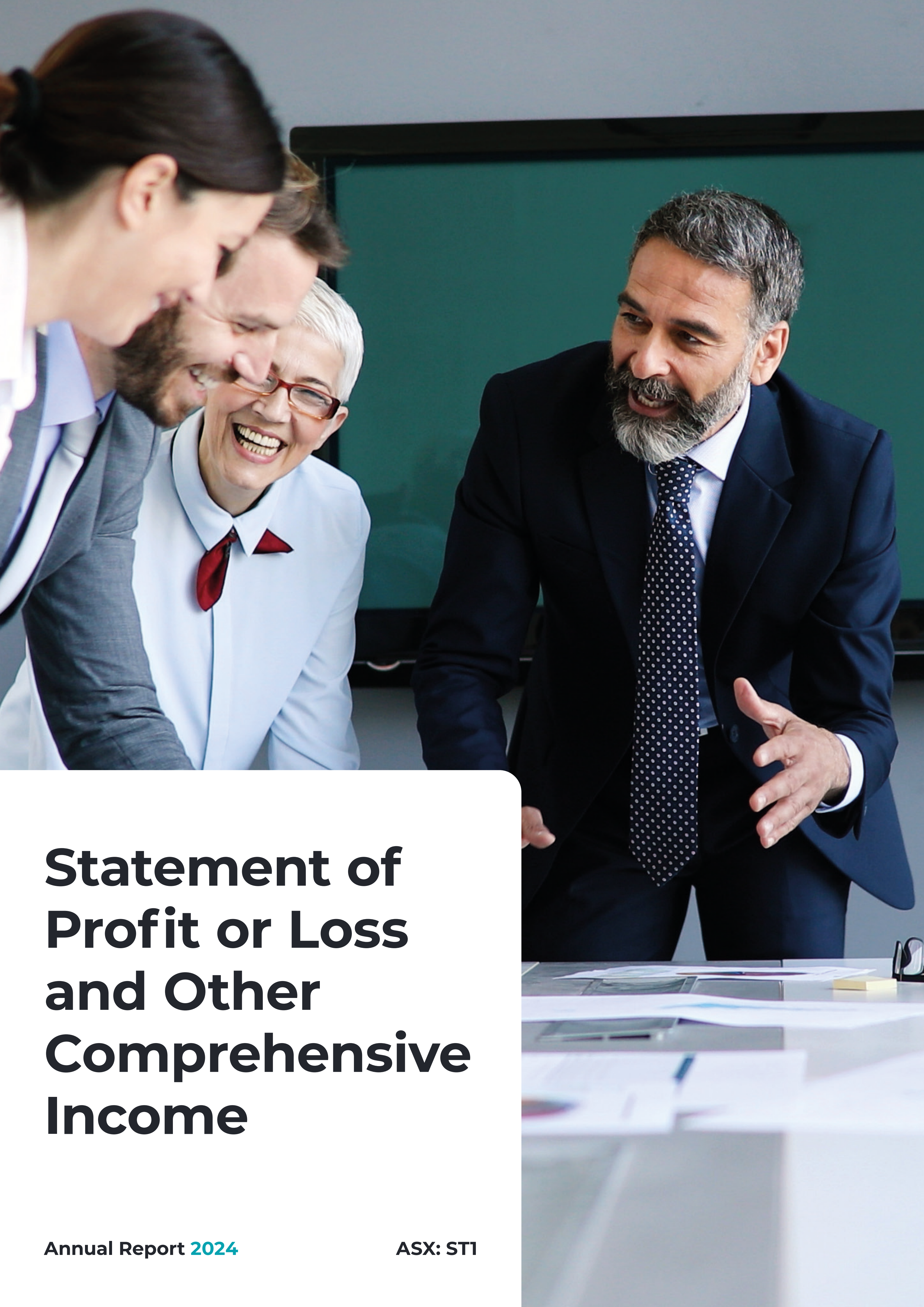
This declaration is made in respect of Spirit Technology Solutions Ltd and the entities it controlled during the year.

PKF

PKF
Melbourne, 23 August 2024

Kaitlynn Brady

Kaitlynn Brady
Partner



# Statement of Profit or Loss and Other Comprehensive Income

**Spirit Technology Solutions Ltd**
**Statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2024**

| | Note | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|---|
| **Revenue** | 4 | 125,847 | 127,114 |
| | | | |
| Other income | 5 | 272 | 157 |
| Cost of sales | | (69,719) | (65,594) |
| | | | |
| **Expenses** | | | |
| Employee benefits expense | 6 | (44,517) | (44,849) |
| Share-based payments | 39 | (571) | (942) |
| Administration and corporate expenses | | (8,354) | (10,449) |
| Selling | | (994) | (993) |
| Marketing | | (1,351) | (1,694) |
| Acquisition and divestment costs | | (2,850) | (200) |
| Transformation and restructuring costs | 6 | (1,999) | (2,732) |
| Net fair value loss on remeasurement of financial liabilities | | - | (8,042) |
| Impairment of non-current assets | 6 | (1,991) | - |
| Depreciation and amortisation expense | 6 | (4,258) | (4,073) |
| Finance costs | 6 | (2,953) | (1,622) |
| | | | |
| **Loss before income tax benefit** | | (13,438) | (13,919) |
| | | | |
| Income tax benefit | 7 | 2,891 | 2,530 |
| | | | |
| **Loss after income tax benefit for the year attributable to the owners of Spirit Technology Solutions Ltd** | | (10,547) | (11,389) |
| | | | |
| Other comprehensive income for the year, net of tax | | - | - |
| | | | |
| **Total comprehensive loss for the year attributable to the owners of Spirit Technology Solutions Ltd** | | (10,547) | (11,389) |

| | | Cents | Cents |
|---|---|---|---|
| **Earnings per share for loss attributable to the owners of Spirit Technology Solutions Ltd** | | | |
| Basic loss per share | 38 | (1.18) | (1.67) |
| Diluted loss per share | 38 | (1.18) | (1.67) |

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

# Statement of Financial Position

**Spirit Technology Solutions Ltd**
**Statement of financial position**
**As at 30 June 2024**

| | Note | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | 8,869 | 7,024 |
| Trade and other receivables | 9 | 17,273 | 8,463 |
| Inventories | 10 | 2,303 | 2,789 |
| Contract cost assets | 12 | 2,470 | 2,595 |
| Other assets | 11 | 7,682 | 4,718 |
| Total current assets | | 38,597 | 25,589 |
| **Non-current assets** | | | |
| Contract cost assets | 12 | 3,252 | 3,492 |
| Property, plant and equipment | 13 | 722 | 1,003 |
| Right-of-use assets | 14 | 2,856 | 4,429 |
| Intangible assets | 15 | 116,093 | 77,589 |
| Deferred tax | 16 | 7,432 | 5,118 |
| Other assets | 11 | 2,464 | 1,960 |
| Total non-current assets | | 132,819 | 93,591 |
| **Total assets** | | 171,416 | 119,180 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | 30,489 | 15,329 |
| Lease liabilities | 18 | 1,077 | 1,771 |
| Provisions | 19 | 4,913 | 3,944 |
| Unearned revenue | 24 | 7,857 | 3,132 |
| Borrowings | 21 | 1,020 | 5,000 |
| Deferred consideration | 20 | 7,037 | 4,089 |
| Total current liabilities | | 52,393 | 33,265 |
| **Non-current liabilities** | | | |
| Borrowings | 21 | 26,980 | 20,000 |
| Convertible notes | 22 | 4,934 | - |
| Lease liabilities | 18 | 1,809 | 2,673 |
| Deferred tax | 23 | 6,839 | 4,200 |
| Provisions | 19 | 1,044 | 2,005 |
| Unearned revenue | 24 | 721 | 467 |
| Deferred consideration | 20 | 3,650 | 3,437 |
| Total non-current liabilities | | 45,977 | 32,782 |
| **Total liabilities** | | 98,370 | 66,047 |
| **Net assets** | | **73,046** | **53,133** |
| **Equity** | | | |
| Issued capital | 25 | 149,682 | 119,411 |
| Reserves | 26 | 568 | 2,393 |
| Accumulated losses | | (77,204) | (68,671) |
| **Total equity** | | **73,046** | **53,133** |

*The above statement of financial position should be read in conjunction with the accompanying notes*

# Statement of Changes in Equity

**Spirit Technology Solutions Ltd**
**Statement of changes in equity**
**For the year ended 30 June 2024**

| Consolidated | Issued capital $'000 | Reserves $'000 | Accumulated losses $'000 | Total equity $'000 |
|---|---|---|---|---|
| Balance at 1 July 2023 | 119,411 | 2,393 | (68,671) | 53,133 |
| Loss after income tax benefit for the year | - | - | (10,547) | (10,547) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (10,547) | (10,547) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (Note 25) | 15,440 | - | - | 15,440 |
| Convertible notes issued (Note 22) | 567 | - | - | 567 |
| Conversion of convertible notes into ordinary shares (Note 22) | 264 | - | - | 264 |
| Share-based payments (Note 39) | - | 189 | - | 189 |
| Issue of shares to vendor as part consideration in relation to the Infotrust acquisition (Note 34) | 14,000 | - | - | 14,000 |
| Transfers from reserves to accumulated losses | - | (2,014) | 2,014 | - |
| Balance at 30 June 2024 | 149,682 | 568 | (77,204) | 73,046 |

| Consolidated | Issued capital $'000 | Reserves $'000 | Accumulated losses $'000 | Total equity $'000 |
|---|---|---|---|---|
| Balance at 1 July 2022 | 114,874 | 1,826 | (57,282) | 59,418 |
| Loss after income tax benefit for the year | - | - | (11,389) | (11,389) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (11,389) | (11,389) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Share-based payments (Note 39) | - | 567 | - | 567 |
| Issue of shares to vendor as earnout consideration in relation to the Nexgen acquisition (Note 25) | 4,537 | - | - | 4,537 |
| Balance at 30 June 2023 | 119,411 | 2,393 | (68,671) | 53,133 |

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

# Statement of Cash Flows

**Spirit Technology Solutions Ltd**
**Statement of cash flows**
**For the year ended 30 June 2024**

| | Note | Consolidated 2024 $'000 | 2023 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 133,264 | 136,810 |
| Government grants received | 5 | 35 | 45 |
| Payments to suppliers and employees (inclusive of GST) | | (132,005) | (137,226) |
| Transformation and restructuring costs | | (2,577) | (1,708) |
| Loan funded share plan | 39 | (382) | (375) |
| Deposits refunded | | 2 | 175 |
| Interest received | 5 | 72 | 42 |
| Interest and other finance costs paid | 6 | (2,535) | (1,493) |
| Net cash used in operating activities | 37 | (4,126) | (3,730) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 13 | (260) | (374) |
| Payments for intangibles | 15 | (314) | (324) |
| Cash payments to acquire businesses, net of cash acquired | 34 | (12,739) | (10,350) |
| Acquired income tax liabilities (paid)/refunded | | (39) | 186 |
| Acquisition and divestment costs | | (2,850) | (200) |
| Proceeds from disposal of assets and right of use | | 66 | 37 |
| Net cash used in investing activities | | (16,136) | (11,025) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 25 | 16,000 | - |
| Share issue transaction costs | 25 | (560) | - |
| Net proceeds from convertible notes | 22 | 5,539 | - |
| Proceeds from borrowings | 21 | 3,000 | 12,000 |
| Repayment of lease liabilities | | (1,872) | (1,954) |
| Net cash from financing activities | | 22,107 | 10,046 |
| Net increase/(decrease) in cash and cash equivalents | | 1,845 | (4,709) |
| Cash and cash equivalents at the beginning of the financial year | | 7,024 | 11,733 |
| Cash and cash equivalents at the end of the financial year | 8 | 8,869 | 7,024 |

*The above statement of cash flows should be read in conjunction with the accompanying notes*

# Notes to the Financial Statements

## Note 1. General information

The financial statements cover Spirit Technology Solutions Ltd as a 'Consolidated Entity' consisting of Spirit Technology Solutions Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars which is Spirit Technology Solutions Ltd's functional and presentation currency.

Spirit Technology Solutions Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

| Registered office | Principal place of business |
|---|---|
| Level 4, 100 Albert Road<br>South Melbourne Victoria 3205 | Level 2, 19-25 Raglan Street<br>South Melbourne Victoria 3205 |

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 August 2024. The Directors have the power to amend and reissue the financial statements.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention, except for certain financial instruments.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Spirit Technology Solutions Ltd ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended.

### New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There were no material impacts following the adoption of these standards.

### Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Consolidated Entity has adequate resources and strategic initiatives in place to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Consolidated Entity has a net current liability position as at 30 June 2024 of $13.796M (30 June 2023 net current liability position: $7.676M). This financial position needs to be considered noting the following key factors:

**Note 1. General information (continued)**

- Current liabilities include unearned revenue of $7.9M. This liability unwinds to revenue rather than being a cash settled liability.

- During the financial year the Company renegotiated its funding facility terms and entered into a revised Facility Amendment Deed which covered changes to the financial covenants and other conditions and undertakings by the Company. As part of the undertakings provided, the Company is required to make a repayment of $85,000 per month (commencing 1 July 2024) to pay down the facility over time. The duration of the monthly amortisation requirement will be reassessed at facility renewal on 1 July 2025.

- The acquisition of InfoSurety Holdings Pty Ltd (as outlined in Note 34) is expected to contribute positive earnings before interest, tax and depreciation and amortisation. It is anticipated that those earnings will be sufficient to cover the majority, if not all, of the deferred consideration obligations as they arise for that acquisition over the next 18 months.

- The Consolidated Entity continues to rationalise its operations with the primary objective of returning to positive cash flows from its operations. To achieve this there has been ongoing acceleration of initiatives within the Managed Services business segment to move that division's earnings to a positive position. This target was achieved in the month of June 2024. That noted, residual measures to ensure sustained momentum and forward growth will require capital to implement, alongside management of residual deferred consideration obligations. Accordingly, the Company continues to manage funding risks which includes regular communication with its financier and assessing other sources of finance in whole or in part.

- The Consolidated Entity has a portfolio of assets which it considers has significant value when benchmarked against similar observed traded assets in the market. Those assets can be leveraged as required to support ongoing liquidity and debt requirements noting the timeframes that would be involved in divestment.

- The Consolidated Entity remains confident that it also has the ability to request additional support from existing shareholders if financial assistance is required.

**Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest '000 dollars, or in certain cases, the nearest dollar.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on various other factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Revenue recognition*

Refer Note 4 for detail.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each customer. These assumptions include recent sales experience and historical collection rates.

*Goodwill and other indefinite life intangible assets*

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 15. The recoverable amounts of each cash generating unit ("CGU") have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer Note 15.

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Noting that the Consolidated Entity has incurred losses in the current and previous financial years, the expectation is that future taxable earnings will be generated sufficient to utilise the deferred tax assets.

*Convertible notes*

Refer Note 22 for detail.

## Note 3. Operating segments

*Identification of reportable operating segments*

The Chief Operating Decision Makers ('CODM's) manage the Consolidated Entity's operations across three operating segments as outlined below. Each of those operating segments has a dedicated 'segment Chief Executive Officer' responsible for financial performance and asset allocation decisions within that segment.

- Communication and Collaboration offering award-winning voice solutions, managed service solutions, data and office technology for small business;
- Cyber Security offering specialist cyber managed services and industry leading solutions to corporate and enterprise customers delivered through a 24/7 Security Operations Centre and professional service teams. This capability also enables Spirit to put cyber security at the core of all key market solutions provided across our segments, improving the resilience and security of all customers;
- Managed Services offering a comprehensive range of managed IT and professional services including end-user, public cloud, infrastructure and networking, data and voice solutions to SMB and mid-market customers.

The CODMs review these segments on an underlying basis down to the underlying (loss)/profit before income tax expense level. Underlying adjustments are reported on a consolidated group basis but attributed to the segments for disclosure purposes.

| **Year ended 30 June 2024** | **Communication and Collaboration $'000** | **Cyber Security $'000** | **Managed Services $'000** | **Corporate $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| End customer revenue | 40,143 | 51,042 | 34,662 | - | 125,847 |
| Intercompany revenue | - | 331 | 44 | (375) | - |
| | **40,143** | **51,373** | **34,706** | **(375)** | **125,847** |
| **Underlying earnings before interest, taxes, depreciation & amortisation*** | **6,518** | **3,301** | **(4,550)** | **(3,605)** | **1,664** |
| Depreciation and amortisation expense | (1,313) | (474) | (980) | - | (2,767) |
| Finance costs (net of interest income) | (54) | (19) | (103) | (2,705) | (2,881) |
| **Underlying net profit/(loss) before income tax**** | **5,151** | **2,808** | **(5,633)** | **(6,310)** | **(3,984)** |
| Underlying Adjustments: | | | | | |
| Share based payments | - | - | - | (571) | (571) |
| Acquisition & divestment costs | - | (31) | - | (2,819) | (2,850) |
| Transformation & restructuring costs*** | (360) | (840) | (987) | 188 | (1,999) |
| Other normalisation items**** | - | - | (552) | - | (552) |
| Impairment of non-current assets | - | - | (1,991) | - | (1,991) |
| Amortisation of customer relationships | (1,194) | (297) | - | - | (1,491) |
| **(Loss)/profit before income tax benefit** | **3,597** | **1,640** | **(9,163)** | **(9,512)** | **(13,438)** |
| Income tax benefit | | | | | 2,891 |
| **(Loss) after income tax benefit** | | | | | **(10,547)** |

## Note 3. Operating segments (continued)

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

** Underlying net profit/(loss) before income tax benefit/(expense) ("uNPBT") is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and adjusts underlying EBITDA* to deduct depreciation and amortisation (excluding amortisation of customer relationships) and finance costs (net of interest revenue). The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting.

*** Transformation & restructuring costs – refer note 6

**** Other normalisation items covers a notional addback for professional services margin loss on customer retention migrations ($0.55M). This relates to the assessed gross margin forgone on supporting customers to move from acquisition legacy products that were end of life to new product MWS offerings.

| **30 June 2024** | **Communication and Collaboration** | **Cyber Security** | **Managed Services** | **Corporate** | **Total** |
|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Total assets | 12,655 | 26,775 | 6,539 | 125,447 | 171,416 |
| Total liabilities | (6,473) | (25,794) | (10,998) | (55,105) | (98,370) |
| **Net assets** | **6,182** | **981** | **(4,459)** | **70,342** | **73,046** |

| **Year ended 30 June 2023** | **Communication and Collaboration** | **Cyber Security** | **Managed Services** | **Corporate** | **Total** |
|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Revenue** | | | | | |
| End customer revenue | 41,588 | 33,192 | 52,334 | - | 127,114 |
| Intercompany revenue | - | 416 | 37 | (453) | - |
| | **41,588** | **33,608** | **52,371** | **(453)** | **127,114** |
| **Underlying earnings before interest, taxes, depreciation & amortisation*** | **9,474** | **963** | **(2,141)** | **(3,145)** | **5,151** |
| Depreciation and amortisation expense | (1,436) | (387) | (1,056) | - | (2,879) |
| Finance costs (net of interest income) | (42) | 19 | (64) | (1,493) | (1,580) |
| **Underlying net profit/(loss) before income tax**** | **7,996** | **595** | **(3,261)** | **(4,638)** | **692** |
| Underlying Adjustments: | | | | | |
| Share based payments | - | - | - | (942) | (942) |
| Loss on divestment | - | - | (600) | - | (600) |
| Acquisition and divestment costs | - | - | (104) | (96) | (200) |
| Transformation & restructuring costs | - | (103) | (2,529) | (100) | (2,732) |
| Other normalisation items | - | - | (901) | - | (901) |
| Net fair value loss on remeasurement of contingent consideration on business combinations | - | - | - | (8,042) | (8,042) |
| Amortisation of customer relationships | (1,194) | - | - | - | (1,194) |
| **(Loss)/profit before income tax benefit** | **6,802** | **492** | **(7,395)** | **(13,818)** | **(13,919)** |
| Income tax benefit | | | | | 2,530 |
| **(Loss) after income tax benefit** | | | | | **(11,389)** |

## Note 3. Operating segments (continued)

* & ** Refer above footnotes.

| 30 June 2023 | Communication and Collaboration $'000 | Cyber Security $'000 | Managed Services $'000 | Corporate $'000 | Total $'000 |
|---|---|---|---|---|---|
| Total assets | 13,046 | 12,840 | 10,709 | 82,585 | 119,180 |
| Total liabilities | (6,623) | (11,391) | (12,034) | (35,999) | (66,047) |
| **Net assets** | **6,423** | **1,449** | **(1,325)** | **46,586** | **53,133** |

*Major customers*

During the year ended 30 June 2024 there are no individual customers which accounted for 5% or more of sales.

## Note 4. Revenue

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Sales revenue | **125,847** | **127,114** |

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| *Major product lines* | | |
| Security services | 51,944 | 34,138 |
| Managed modern communications | 52,219 | 58,732 |
| Managed infrastructure | 18,708 | 27,655 |
| Cloud services | 2,260 | 4,668 |
| Other | 716 | 1,921 |
| | **125,847** | **127,114** |
| *Geographical regions* | | |
| Australia | **125,847** | **127,114** |
| *Timing of revenue recognition* | | |
| Goods and services transferred at a point in time | 75,537 | 69,852 |
| Services transferred over time | 50,310 | 57,262 |
| | **125,847** | **127,114** |

*Critical judgements in recognising revenue*

The Consolidated Entity provides a range of services combined with hardware and software licenses. The application of AASB 15 Revenue from Contracts with Customers requires an assessment of whether the entity is acting as a principal or agent in the transactions we undertake. In May 2022, the IFRS Interpretations Committee (IFRIC) issued a final agenda decision on 'Principal versus Agent: Software Reseller (IFRS 15)' about whether a reseller of software licenses is acting as principal or agent. The IFRIC observed that the conclusion as to whether the reseller is a principal or agent depends on the specific facts and circumstances, including the terms and conditions of the relevant contracts. This agenda decision supplemented the judgment required under AASB 15. The Consolidated Entity, on balance and based on the application of the criteria to its business model, is satisfied that it acts as principal in respect of its sales.

**Note 4. Revenue (continued)**

Specifically, management remains satisfied that it demonstrates control of the licenses before they are transferred to the customers. This conclusion was arrived at on the basis that:

- the Consolidated Entity has primary responsibility for fulfilling the order from the customer, which includes obligations in relation to layered managed services delivered alongside provision of licenses;
- the Consolidated Entity holds inventory risk with respect to unaccepted or cancelled licenses;
- the Consolidated Entity has discretion in establishing prices.

On this basis, the Consolidated Entity remains the principal with respect to software license arrangements as it controls the specified good or service before that good or service is transferred to a customer. The revenue recorded for goods is the gross amount billed.

*Material accounting policies*
The Consolidated Entity's revenue from customer contracts is recognised as and when performance obligations are met. Identifying performance obligations, allocating the transaction price to performance obligations, and determining the timing of revenue recognition of these contracts at times requires the application of judgement due to the complexity and nature of the customer arrangements. The assumptions made in the estimates are based on the information available to management at the transaction date.

*Services transferred over time*
Internet access, equipment rentals, line rentals, managed IT and security services are recognised over the period in which the service is provided. Where Income for services is invoiced in advance, the amount is recorded as unearned income and recognition in the income statement is delayed until the service has been provided.

*Goods and services transferred at a point in time*
Call charges, professional services, time and materials billings, hardware and software sales and set-up charges are recognised in the period in which the services or goods are delivered. Where professional services are bundled with sales of hardware and software ('products'), the sale of the products is a separate performance obligation, and the transaction price is allocated to the products and the professional services based on a relative stand-alone prices basis.

**Note 5. Other income**

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Government infrastructure grants | 35 | 35 |
| Government subsidies | - | 10 |
| Profit on sale of other assets and right of use | 70 | 28 |
| Miscellaneous income | 95 | 42 |
| Interest income | 72 | 42 |
| | **272** | **157** |

## Note 6. Expenses

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Loss before income tax includes the following specific expenses: | | |
| *Depreciation* | | |
| Leasehold improvements | 37 | 170 |
| Plant and equipment | 330 | 404 |
| Motor vehicles | 105 | 109 |
| Furniture and fixtures | 112 | 94 |
| Total depreciation (refer Note 13) | 584 | 777 |
| *Amortisation* | | |
| Right-of-use assets | 1,714 | 1,702 |
| Customer relationships | 1,491 | 1,194 |
| Software and projects | 469 | 400 |
| Total amortisation (refer Notes 14 and 15) | 3,674 | 3,296 |
| Total depreciation and amortisation | 4,258 | 4,073 |
| *Finance costs* | | |
| *Borrowings* | 2,761 | 1,493 |
| *Finance leases* | 192 | 129 |
| *Finance costs expensed* | 2,953 | 1,622 |
| Employee benefits expense excluding superannuation | 41,741 | 43,582 |
| Employee benefits included in other disclosures | | |
| Acquisition integration expenses * | (198) | - |
| Loss/(Gain) on divestment of business assets | - | (110) |
| Redundancy expense ** | (444) | (1,704) |
| System reengineering expense ** | (408) | (419) |
| Product IP development expense | - | (427) |
| | 40,691 | 40,922 |

* Included within acquisition and divestment costs. Refer Statement of profit or loss and other comprehensive income.
** Included within transformation and restructuring costs. Refer Statement of profit or loss and other comprehensive income.

| | | |
|---|---|---|
| *Superannuation expense* | | |
| Defined contribution superannuation expense | 3,826 | 3,927 |
| | 44,517 | 44,849 |
| *Impairment of receivables* | | |
| Bad and doubtful debts expense* | 594 | 869 |

*The Consolidated Entity has recognised a loss of $594,000 in profit or loss in respect of impairment of receivables for the year ended 30 June 2024 (2023: $869,000), including bad debts expense of $326,000 (2023: $602,000).

### Note 6. Expenses (continued)

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| *Transformation and restructuring costs* | | |
| Employee redundancy expense | 444 | 1,704 |
| System reengineering expense | 1,402 | 601 |
| Product IP development expense | - | 427 |
| Other | 153 | - |
| | 1,999 | 2,732 |
| *Loss on sale of business assets* | | |
| Loss on divestment of selected data centre and network assets | - | 600 |
| *Impairment of non-current assets* | | |
| Contract cost assets (refer Note 12) | 1,991 | - |

### Note 7. Income tax (benefit)/expense

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Numerical reconciliation of income tax (benefit)/expense & tax at the statutory rate | | |
| (Loss) before income tax benefit/(expense) | (13,438) | (13,919) |
| Tax at the statutory tax rate of 30.0% (30.0% at 30 June 2023) | (4,031) | (4,176) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Acquisition related | 508 | 2,423 |
| Share options and employee share scheme | 171 | 283 |
| Impairment of non-tax deductible assets | 599 | - |
| Other differences | (138) | (1,060) |
| Income tax (benefit)/expense | **(2,891)** | **(2,530)** |

### Note 8. Current assets – cash and cash equivalents

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Cash at bank | **8,869** | **7,024** |

## Note 9. Current assets – trade and other receivables

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Trade receivables | 18,163 | 9,121 |
| Less: Allowance for expected credit losses | (901) | (759) |
| | 17,262 | 8,362 |
| Other receivables | 11 | 101 |
| | **17,273** | **8,463** |

The ageing of trade receivables are as follows:

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Current | 9,775 | 5,955 |
| 1 to 30 days overdue | 4,780 | 1,790 |
| 31 to 60 days overdue | 1,099 | 275 |
| 61 to 90 days overdue | 826 | 319 |
| Over 90 days overdue | 1,683 | 782 |
| | 18,163 | 9,121 |

*Allowance for expected credit losses*

The Consolidated Entity retains a provision of $901,000 in respect of impairment of receivables for the year ended 30 June 2024 (2023: $759,000).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Current | 40 | - |
| 1 to 30 days overdue | 99 | 26 |
| 31 to 60 days overdue | 39 | 100 |
| 61 to 90 days overdue | 116 | 39 |
| Over 90 days overdue | 607 | 594 |
| | 901 | 759 |

Movements in the allowance for expected credit losses are as follows:

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Opening balance | 759 | 707 |
| Additions and releases | 142 | 52 |
| Closing balance | 901 | 759 |

## Note 10. Current assets – inventories

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Stock on hand – at cost | 3,193 | 3,359 |
| Less: Provision for impairment | (890) | (570) |
| | **2,303** | **2,789** |

## Note 11. Other assets

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Accrued revenue | 8,526 | 5,358 |
| Prepayments | 1,208 | 1,000 |
| Employee loans | 1 | 4 |
| Vendor loans | 4 | 4 |
| Other assets | 407 | 312 |
| | **10,146** | **6,678** |

## Note 12. Contract cost assets

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Contract cost assets | 11,753 | 9,345 |
| Accumulated release to profit and loss | (6,031) | (3,258) |
| | **5,722** | **6,087** |

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Opening balance | 6,087 | 4,426 |
| Adjustments through business combinations (Note 34) | 978 | - |
| Additions | 3,296 | 3,806 |
| Amortisation to the profit and loss | (2,648) | (2,145) |
| Impairment | (1,991) | - |
| Closing balance | 5,722 | 6,087 |

* As outlined Note 3, the impairment related to the Managed Services segment and arose as a consequence of the losses incurred during the year ended 30 June 2024

### Note 12. Contract cost assets (continued)

*Material accounting policies*

The contract cost assets relate to costs incurred to both obtain or fulfil a contract with a customer. Costs typically included sales commissions, customer contract buy-out costs and costs related directly to fulfilling a customer contract such as direct labour. The contract assets are amortised to cost of sales over the average contract life which is assessed to be in the range of 3 – 4 years. There are management judgements required in assessing both the types of costs capitalised and amortisation periods.

### Note 13. Non-current assets – property, plant and equipment

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Leasehold improvements – at cost | 255 | 813 |
| Less: Accumulated depreciation and impairment | (255) | (776) |
| | - | 37 |
| Plant and equipment – at cost | 3,459 | 6,943 |
| Less: Accumulated depreciation and impairment | (2,932) | (6,313) |
| | 527 | 630 |
| Motor vehicles – at cost | 339 | 533 |
| Less: Accumulated depreciation | (298) | (427) |
| | 41 | 106 |
| Furniture & Fixtures – at Cost | 531 | 936 |
| Less: Accumulated depreciation | (377) | (706) |
| | 154 | 230 |
| | **722** | **1,003** |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Consolidated** | **Leasehold improvements $'000** | **Plant and equipment $'000** | **Motor vehicles $'000** | **Furniture & Fixtures $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Balance at 30 June 2022** | **207** | **774** | **215** | **219** | **1,415** |
| Additions | - | 267 | 2 | 105 | 374 |
| Disposals | - | (7) | (2) | - | (9) |
| Depreciation expense | (170) | (404) | (109) | (94) | (777) |
| **Balance at 30 June 2023** | **37** | **630** | **106** | **230** | **1,003** |
| Additions through business combinations (Note 34) | - | 59 | - | - | 59 |
| Additions | - | 184 | 40 | 36 | 260 |
| Disposals | - | (16) | - | - | (16) |
| Depreciation expense | (37) | (330) | (105) | (112) | (584) |
| **Balance at 30 June 2024** | **-** | **527** | **41** | **154** | **722** |

**Note 13. Non-current assets – property, plant and equipment (continued)**

*Material accounting policies*

All classes of fixed assets are stated at historical cost.

Depreciation is calculated on a straight-line basis to write off the net cost of each class of fixed assets over their expected useful lives as follows:

| | |
|---|---|
| Leasehold improvements | 3 – 5 years |
| Plant and equipment | 2 – 7 years |
| Motor vehicles | 4 – 5 years |
| Furniture and fixtures | 3 – 7 years |

**Note 14. Non-current assets – right-of-use assets**

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Right-of-use assets | 5,482 | 7,188 |
| Less: Accumulated amortisation and impairment | (2,626) | (2,759) |
| | **2,856** | **4,429** |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| **Consolidated** | **$'000** | **$'000** |
| Opening balance | 4,429 | 2,577 |
| Additions | 159 | 3,612 |
| Disposals | (18) | (58) |
| Amortisation expense | (1,714) | (1,702) |
| | **2,856** | **4,429** |

*Material accounting policies*

The right-of-use asset is measured at cost

Right-of-use assets are depreciated on a straight-line basis over 1 – 5 years.

**Note 15. Non-current assets – intangibles assets**

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Goodwill – at cost | 92,811 | 63,382 |
| | | |
| Intellectual property – at cost | - | 1,412 |
| Less: Accumulated amortisation and impairment | - | (1,412) |
| | - | - |
| | | |
| Software – at cost | 943 | 6,007 |
| Less: Accumulated amortisation and impairment | (251) | (5,160) |
| | 692 | 847 |
| | | |
| Brand names – at cost | 4,105 | 4,105 |
| | | |
| Customer relationships – at cost | 22,663 | 11,942 |
| Less: Accumulated amortisation | (4,178) | (2,687) |
| | 18,485 | 9,255 |
| | | |
| | **116,093** | **77,589** |

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Goodwill at cost $'000 | Brand names at cost $'000 | Software & projects at cost $'000 | Customer relationships at cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance at 30 June 2022** | **63,382** | **4,105** | **923** | **10,449** | **78,859** |
| Additions | - | - | 324 | - | 324 |
| Disposals | - | - | - | - | - |
| Amortisation expense | - | - | (400) | (1,194) | (1,594) |
| | | | | | |
| **Balance at 30 June 2023** | **63,382** | **4,105** | **847** | **9,255** | **77,589** |
| Additions through business combinations (Note 34) | 29,429 | - | - | 10,721 | 40,150 |
| Additions | - | - | 314 | - | 314 |
| Disposals | - | - | - | - | - |
| Amortisation expense | - | - | (469) | (1,491) | (1,960) |
| | | | | | |
| **Balance at 30 June 2024** | **92,811** | **4,105** | **692** | **18,485** | **116,093** |

*Goodwill, brand names and intangible assets with indefinite lives*

Goodwill and brand names, including those acquired during the year, are allocated to the segment CGU. The recoverable amount of each CGU is determined based on a value-in-use model which uses cash flow projections based on the financial budget for the 12 months immediately following the reporting date, and cash flows beyond 12 months extrapolated through a 5-year outlook.

The assumptions used for the current reporting period may differ from the assumptions in the past or next reporting period as internal and external circumstances and expectations change. The Consolidated Entity has applied the following assumptions in the 30 June 2024 calculation of value-in-use.

### Note 15. Non-current assets – intangibles (continued)

| Operating Segment | Goodwill & brand names<br><br>$'000 | Years 1 – 3 average revenue annual growth rate | Years 4 & 5 growth rate | Terminal growth rate | Post tax discount rate |
|---|---|---|---|---|---|
| **Communication and Collaboration** | 50,136 | 8% | 10% | 3% | 13.1% |
| **Cyber Security** | 46,780 | 9% | 10% | 3% | 13.1% |

Sensitivity analysis on the key assumptions employed in the value-in-use calculations has been performed by management. The sensitivities applied were decreasing key sales lines and associated cost of goods sold by 10% throughout the model period (whilst holding operating costs stable), increasing the post-tax discount rate by 2 percentage points and reducing the terminal value growth rate by half.

*Material accounting policies*

Finite life intangible assets are measured at cost.

*Customer relationships*
Customer relationships acquired in a business combination are amortised on a straight-line basis over 7-10 years.

*Software*
Software is amortised on a straight-line basis over 3-5 years.

### Note 16. Non-current assets – deferred tax

| | Consolidated | |
|---|---|---|
| | **2024**<br>**$'000** | **2023**<br>**$'000** |
| *Deferred tax asset comprises temporary differences attributable to:* | | |
| Amounts recognised in profit or loss: | | |
| Employee benefits | 1,482 | 1,173 |
| Expenses deductible in future periods | 440 | 359 |
| Other provisions/accruals | 1,568 | 1,500 |
| Right of Use Assets | 158 | 147 |
| Property Plant & Equipment | 519 | 274 |
| Tax losses | 3,265 | 1,665 |
| Deferred tax asset | **7,432** | **5,118** |

## Note 17. Current liabilities – trade and other payables

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Trade payables | 16,325 | 9,901 |
| GST payable | 835 | 495 |
| Vendor loans | 3,000 | - |
| Other payables and accrued expenses | 10,329 | 4,933 |
| | **30,489** | **15,329** |

Trade payables are unsecured and are usually paid within 30 days of recognition.

Refer Note 34 for further information on the Vendor loan.

Refer to Note 28 for further information on financial instruments.

## Note 18. Lease liabilities

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Lease liability | **2,886** | **4,444** |

The leases relate to office premises (with a term ranging between 2 – 7 years) and motor vehicles (which are all on 4 year lease terms). The majority of leased premises have an option renewal clause. Refer to Note 28 for further information on financial instruments, maturity profiles and cash flows on leases.

## Note 19. Provisions

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Annual leave | 1,987 | 1,960 |
| Long service leave | 1,492 | 1,395 |
| Provision for income tax | 463 | - |
| Restructuring | 447 | 1,024 |
| Lease make good | 495 | 497 |
| Other provisions | 1,073 | 1,073 |
| | **5,957** | **5,949** |

## Note 19. Provisions (continued)

*Reconciliations*

Reconciliations of the movement in values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Annual leave $'000 | Long service leave $'000 | Provision for income tax $'000 | Restructure $'000 | Lease make good $'000 | Other provisions $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2022** | **2,377** | **1,409** | **(31)** | **1,138** | **200** | **1,073** | **6,166** |
| Additional provisions recognised during the year | 2,318 | 131 | - | 1,024 | 297 | - | 3,770 |
| Credited to profit or loss | - | - | (155) | - | - | - | (155) |
| Refunds/(Payments) during the year | (2,735) | (145) | 186 | (1,138) | - | - | (3,832) |
| **Balance at 30 June 2023** | **1,960** | **1,395** | **-** | **1,024** | **497** | **1,073** | **5,949** |
| Additions through business combinations (Note 34) | 218 | 106 | 502 | - | - | - | 826 |
| Additional provisions recognised during the year | 2,281 | 212 | - | 432 | 21 | - | 2,946 |
| (Payments) during the year | (2,472) | (221) | (39) | (1,009) | (23) | - | (3,764) |
| **Balance at 30 June 2024** | **1,987** | **1,492** | **463** | **447** | **495** | **1,073** | **5,957** |

## Note 20. Current liabilities – deferred consideration

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Deferred consideration | **10,687** | **7,526** |

The component of deferred consideration that relates to the Nexgen acquisition is $4.04M. The acquisition of Nexgen included a contingent consideration element by way of an earn-out structure based on performance targets for the 18 months ended 30 June 2023. The Company and the founders finalized these arrangements in their entirety in February 2023. Accordingly, the nature of the balance has been reclassified from being contingent to being deferred.

The component of deferred consideration relating to the acquisition of InfoSurety Holdings Pty Ltd is $6.65M. Refer to Note 34 for further information.

## Note 21. Borrowings

| | Consolidated | |
|---|---|---|
| | 2024 | 2023 |
| | $'000 | $'000 |
| Bank loans | **28,000** | **25,000** |

Refer to Note 28 for further information on financial instruments, including the loan repayment maturity profile.

*Assets pledged as security*

The bank loan of $28M (2023: $25M) has a first ranking security over the assets and undertakings of Spirit Technology Solutions Ltd and its wholly owned subsidiaries.

During the financial year the Company drew down an additional $3M under the facility, renegotiated its funding facility terms and entered into a revised Facility Amendment Deed which covered changes to the financial covenants and other conditions and undertakings by the Company. As part of the undertakings provided, the Company is required to make a repayment of $85,000 per month (commencing 1 July 2024) to pay down the facility over time. The duration of the monthly amortisation requirement will be reassessed at facility renewal on 1 July 2025.

The Company's loan facility is subject to compliance with the following financial covenants during the financial year ended 30 June 2024 and 30 June 2025:

- Minimum Group EBITDA contribution for the quarter ended 30 June 2024.
- Net Leverage Ratio (NLR): expressed as a ratio of (A) the aggregate outstanding accommodation of the Group (as defined within the facility documents) less the aggregate amount of cash held by the group as at the Calculation Date; and (B) the Group EBITDA (as defined within the facility documents). For the remaining term of the facility the Calculation Date means 30 September, 31 December, 31 March and 30 June of each financial year. The NLR must at the calculation date be less than or equal to the agreed ratio for that calculation date (which is stepped down over the next 18 months).
- Minimum Net Worth (MNW): expressed as Total Assets less Total Liabilities. The MNW is assessed on a quarterly basis commencing 30 June 2024 and must at the calculation date be equal to or more than the agreed benchmark for that calculation date.

In accordance with the provisions of the covenants and undertakings, non-compliance can trigger a Review Event of the facility which is generally a standing right under normal commercial loan facilities. Such review events may include a requirement to pay down in part or in whole the loan facility and other conditions as agreed with the funder.

**Note 21. Borrowings (continued)**

*Material accounting policies*

The Consolidated Entity has elected to early adopt AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants, in conjunction with, AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current. The amendments within AASB 2022-6, build upon the amendments contained within AASB 2020-1 and consequently, we describe the effect of these amendments at a combined level. This adoption amends AASB 101 and improves the disclosure of liabilities arising from loan arrangements in our financial statements. By adopting these amendments early, the Company aims to enhance the information provided to our stakeholders regarding our loan arrangements and their classification as either current or non-current. This early adoption allows the Company to benefit from the clarity and guidance provided by AASB 2022-6 and AASB 2020-1, ensuring transparent and comprehensive reporting of our financial position. We believe that early adoption of these standards will result in more meaningful financial statements for our stakeholders.

**Note 22. Convertible notes**

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| The convertible notes are presented in the statement of financial position as follows: | | |
| Proceeds from issue of convertible notes (net of raising costs) | 5,539 | - |
| Liability component at the date of issue | (4,972) | - |
| **Equity component at the date of issue** | **567** | **-** |
| | | |
| Classification of liability component at the end of the period: | | |
| Current | - | - |
| Non-current | 4,934 | - |
| | **4,934** | **-** |
| | | |
| Liability component at the beginning of the period | - | - |
| Net proceeds from issue of convertible notes during the period | 5,539 | - |
| Equity component at the date of issue | (567) | - |
| Payments for convertible notes redeemed | - | - |
| Interest expense for the period calculated at the effective interest rate | 375 | - |
| Finance costs paid | (149) | - |
| Conversion of convertible notes into ordinary shares | (264) | - |
| **Liability component at the end of the period** | **4,934** | **-** |

**Note 22. Convertible notes (continued)**

During the financial year Spirit issued convertible notes with a face value of $5,765,000 and a nominal interest rate of 8% and incurred transaction costs of $225,600. The notes are convertible at any time by the holder but if converted within the first 18 months the conversion price is AUD0.045 (after this time the conversion price is AUD0.09). In addition, the holder receives one conversion option per two notes converted if the notes are converted within the first twelve months (the conversion options have a fixed exercise price of $0.09). Spirit also has an early redemption right. Whilst this is a call option, a put option was also granted to the holder, which by design is in the money. These rights are not closely related; however, the put option is not a present obligation as it first requires action by Spirit and the delivery of shares in accordance with the already established terms and conditions for conversion. As such, there is no derivative which needs to be recognised.

Spirit has assessed that these notes meet the fixed-for-fixed condition under AASB 132 and therefore contains an underlying host liability (which will be accounted for at amortised cost using the effective interest method) with an initial value of $4,972,000 and equity component including an equity derivative of $567,000. The fair value of the host financial instrument was determined based on discounting the cash flows using an interest rate for a comparable financial liability without the conversion features at an effective interest rate of 13.54% (in arriving at this rate the Company considered previous commercial borrowings and discount rates used to estimate the cost of capital).

Whilst the number of shares to be delivered changes (including the conversion options) over the life of the contract these are predetermined at the inception of the contract and the events are mutually exclusive (each event on its own results in a fixed amount of shares being delivered and meeting the equity classification). In addition, the change in conversion terms represents a passage over time adjustment.

There is currently diversity in practice with regard to how to apply the fixed-for-fixed condition under AASB 132. The IASB has recently issued an exposure draft proposing amendments to clarify the requirements and underlying principles in IAS 32 for classifying financial instruments. Were these notes to be assessed as not meeting the fixed-for-fixed condition under AASB 132 then a derivative liability would have resulted from that analysis which would have been required to be accounted for at fair value through the profit and loss.

*Material accounting policies*

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issue of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in statement of changes in equity as an option premium on convertible notes, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

## Note 23. Non-current liabilities - deferred tax

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Deferred tax liability comprises temporary differences attributable to: | | |
| Property, plant and equipment | 62 | 84 |
| Identifiable intangible assets | 6,777 | 4,116 |
| Deferred tax liability | **6,839** | **4,200** |

## Note 24. Unearned revenue

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$'000** | **$'000** |
| Customer contract unearned revenue | **8,578** | **3,599** |

*Reconciliations*

Reconciliations of the movements at the beginning and end of the current and previous financial year are set out below:

| **Consolidated** | **$'000** |
|---|---|
| **Balance at 30 June 2022** | 6,450 |
| Net other movements | (2,851) |
| **Balance at 30 June 2023** | **3,599** |
| Additions through business combinations (Note 34) | 3,619 |
| Net other movements | 1,360 |
| **Balance at 30 June 2024** | **8,578** |

## Note 25. Equity – issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | **2024 Shares** | **2023 Shares** | **2024 $'000** | **2023 $'000** |
| Ordinary shares - fully paid | 1,366,619,196 | 735,604,704 | 149,682 | 119,411 |

**Note 25. Equity – issued capital (continued)**

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $'000 |
|---|---|---|---|---|
| Balance | 30 June 2022 | 664,723,579 | | 114,874 |
| Issue of shares to vendor as earnout consideration in relation to the Nexgen acquisition | 31 March 2023 | 70,881,125 | $0.064 | 4,537 |
| Balance | 30 June 2023 | 735,604,704 | | 119,411 |
| Movements | | | | |
| Convertible notes issued | 16 October 2023 | - | - | 117 |
| Convertible notes issued | 11 December 2023 | - | - | 473 |
| Convertible note raising cost | | - | - | (23) |
| Conversion of convertible notes into ordinary shares | 24 October 2023 | 1,333,333 | $0.041 | 54 |
| Conversion of convertible notes into ordinary shares | 8 February 2024 | 5,333,333 | $0.039 | 210 |
| Issue of placement shares | 28 March 2024 | 320,000,000 | $0.050 | 16,000 |
| Cost of capital raising | 28 March 2024 | | | (560) |
| Issue of shares to vendor as part consideration in relation to the InfoSurety acquisition | 3 April 2024 | 304,347,826 | $0.046 | 14,000 |
| Balance | 30 June 2024 | 1,366,619,196 | | 149,682 |

*Movements in unquoted options*

| Details | Date | Options | $'000 |
|---|---|---|---|
| Balance | 30 June 2023 | 18,000,000 | - |
| Balance | 30 June 2024 | - | - |

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

**Note 25. Equity - issued capital (continued)**

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The Consolidated Entity is subject to certain financing arrangement covenants and prioritises meeting these in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

**Note 26. Equity – reserves**

| | Consolidated 2024 $'000 | Consolidated 2023 $'000 |
|---|---|---|
| Share-based payments reserve | 562 | 2,387 |
| Capital reserve | 6 | 6 |
| | **568** | **2,393** |

*Share-based payments reserve*
The reserve is used to recognise the value of equity benefits provided to employees and Executive Directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*
Movements in each class of reserve during the current and previous financial year are set out below:

| **Consolidated** | **Capital reserve** $'000 | **Share-based payments reserve** $'000 | **Total** $'000 |
|---|---|---|---|
| Balance at 30 June 2022 | **6** | **1,820** | **1,826** |
| Share-based payments expense (Note 39) | - | 567 | 567 |
| Balance at 30 June 2023 | **6** | **2,387** | **2,393** |
| Share-based payments expense (Note 39) | - | 189 | 189 |
| Transfers from reserves to accumulated losses | - | (2,014) | (2,014) |
| Balance at 30 June 2024 | **6** | **562** | **568** |

## Note 27. Equity – dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Note 28. Financial instruments

### *Financial risk management objectives*

The Consolidated Entity's activities expose it to a variety of financial risks as set out below.

Risk management is carried out by senior finance executives ('Finance') under the guidance of the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and if required, hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

### *Market risk*

*Foreign currency risk*

The Consolidated Entity undertakes transactions denominated in foreign currencies and therefore has exposure to foreign currency risk. Offshore Customer Care, Service Delivery, Technology and Finance teams are located in the Philippines and components of that cost base is invoiced in USD. The Consolidated Entity also spends approximately $15.5M USD per annum sourcing security-based software products. Conversion is at the applicable exchange rate at the time the transaction Is authorised or at an agreed exchange rate that is fixed at the time of sales order acceptance by the customer using an appropriate hedging product (on a case-by-case basis).

*Price risk*

The Consolidated Entity is not exposed to any significant price risk.

*Interest rate risk*

The Consolidated Entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Consolidated Entity to interest rate risk. Borrowings obtained at fixed rates expose the Consolidated Entity to fair value interest rate risk. The entire facility is exposed to variable interest rates. The Consolidated Entity paid $2,310,000 in interest and fees during the 2024 financial year (2023: $1,493,000).

The facility is structured such that a line fee is payable on the facility limit ($28M), a usage fee payable on funds drawn and an interest charge based on the Bank Bill Swap rate ("BBSY") plus a margin. As at the reporting date the Consolidated Entity had the following variable rate borrowings. The net weighted average interest rate detailed below is calculated on the aggregation of the usage fee and interest charge for the year ended 30 June 2024 of $1,716,000 (2023: $945,000) over the average balance drawn down during the year ended 30 June 2024 of $27.9M (2023: $18.2M). The line fee for the year ended 30 June 2024 was $554,000 (2023: $517,000).

**Note 28. Financial instruments (continued)**

| Consolidated | 2024 Weighted average interest rate % | 2024 Balance $'000 | 2023 Weighted average interest rate % | 2023 Balance $'000 |
|---|---|---|---|---|
| Bank loan | 6.15% | 28,000 | 5.18% | 25,000 |
| Net exposure to cash flow interest rate risk | | 28,000 | | 25,000 |

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Refer Note 21.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit and follows a rigorous collection process. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables. The credit loss model takes into consideration the industry dynamics and exposures of the customer base and varies by segment given the varying customer profiles within each segment.

With regards to debtors, amounts older than 60 days owing are reviewed and where appropriate taken up as a provision for doubtful debts. This process is completed monthly. As at 30 June 2024 $901,000 was booked as an allowance for expected credit losses against the total amount owed by debtors. There are no guarantees against this receivable, but management closely monitors the receivable balance on a monthly basis and is in regular contact with customers to mitigate risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

***Liquidity risk***

Liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves, available borrowing facilities or pursuing other forms of liquidity support by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Note 28. Financial instruments (continued)**

*Remaining contractual maturities*

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. With the exception of lease liabilities the financial instrument components below match their carrying amount as shown in the statement of financial position.

| Consolidated – 2024 | Less than 6 months $'000 | 6 -12 months $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Remaining contractual maturities $'000 |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade and other payables | 30,489 | - | - | - | - | 30,489 |
| Deferred consideration | 3,700 | 3,337 | 3,650 | - | - | 10,687 |
| *Interest-bearing – variable* | | | | | | |
| Bank loan* + | 510 | 510 | 1,020 | 4,080 | 21,880 | 28,000 |
| Convertible notes | - | - | - | 4,934 | - | 4,934 |
| Lease liability** # | 657 | 537 | 835 | 1,131 | - | 3,160 |
| Total non-derivatives | **35,356** | **4,384** | **5,505** | **10,145** | **21,880** | **77,270** |

* Weighted average interest rate of 6.15%
** Weighted average interest rate of 5.43%
# The lease liability disclosures include both principal and interest cash flows and therefore these totals differ from their carrying amount in the statement of financial position.

| Consolidated – 2023 | Less than 6 months $'000 | 6 -12 months $'000 | Between 1 and 2 years $'000 | Between 2 and 5 years $'000 | Over 5 years $'000 | Remaining contractual maturities $'000 |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade and other payables | 15,329 | - | - | - | - | 15,329 |
| Deferred consideration | 1,882 | 2,207 | 3,437 | - | - | 7,526 |
| *Interest-bearing – variable* | | | | | | |
| Bank loan* | - | - | 5,000 | 20,000 | - | 25,000 |
| Lease liability** # | 958 | 915 | 1,194 | 1,663 | 302 | 5,032 |
| Total non-derivatives | **18,169** | **3,122** | **9,631** | **21,663** | **302** | **52,887** |

* Weighted average interest rate of 5.18%
** Weighted average interest rate of 5.27%
# The lease liability disclosures include both principal and interest cash flows and therefore these totals differ from their carrying amount in the statement of financial position.

***Fair value of financial instruments***

Unless otherwise stated the carrying amounts of financial instruments reflect their fair value.

## Note 29. Key management personnel disclosures

*Directors*

The following persons were Directors of Spirit Technology Solutions Ltd during the financial year and up to the date of the financial statements:

Mr James Joughin (Non-Executive Chairman)
Mr Julian Challingsworth (Managing Director and Chief Executive Officer)
Mr Gregory Ridder (Non-Executive Director – resigned 5 August 2024)
Ms Lynn Warneke (Non-Executive Director – appointed 9 October 2023)
Mr Elie Ayoub (Executive Director – resigned 5 August 2024)
Mr Shan Kanji (Non-Executive Director – appointed 31 January 2024)
Mr Simon McKay (Executive Director – appointed 4 April 2024)
Mr Dane Meah (Non-Executive Director – appointed 4 April 2024)
Mr Julian Haber (Non-Executive Director – resigned 31 August 2023)
Ms Michelle Bendschneider (Non-Executive Director – resigned 31 August 2023)

*Other key management personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

Mr James Harb (Communication and Collaboration Co Chief Executive Officer)
Mr Nathan Knox (Chief Operating Officer – Spirit Group)
Mr Paul Miller (Chief Financial Officer)

*Compensation*

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

| | **Consolidated** | |
|---|---|---|
| | **2024** | **2023** |
| | **$** | **$** |
| Short-term employee benefits | 2,288,562 | 2,137,160 |
| Post-employment benefits | 233,095 | 198,855 |
| Long-term benefits | 38,215 | (2,758) |
| Share-based payments | 292,298 | 366,361 |
| | **2,852,170** | **2,699,618** |

### Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PKF Melbourne Audit & Assurance Pty Ltd, the auditor of the Company, and its related practices:

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$** | **$** |
| *Audit and assurance services – PKF Melbourne Audit & Assurance Pty Ltd* | | |
| Audit or review of the financial statements | 200,000 | 180,000 |
| Assurance related services in respect of earnout accounting | - | 20,000 |
| *Other services – PKF Melbourne* | | |
| *Tax compliance services* | 31,750 | 32,750 |
| *Tax advisory and due diligence services* | 9,750 | - |
| *Corporate advisory and due diligence services* | - | 7,000 |
| | **241,500** | **239,750** |

### Note 31. Contingent liabilities

There were no contingent liabilities at 30 June 2024 and 30 June 2023.

### Note 32. Related party transactions

*Parent entity*

Spirit Technology Solutions Ltd is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in Note 35.

*Key management personnel*

Disclosures relating to key management personnel are set out in Note 29 and the remuneration report included in the Directors' report.

*Transactions with related parties*

Mr Simon McKay, Executive Director (appointed 4 April 2024), and Mr Dane Meah, Non-Executive Director (appointed 4 April 2024), were the co-founders of InfoSurety Holdings Pty Ltd (trading as "Infotrust"). Details of the acquisition are outlined in Note 34. The acquisition included a deferred consideration element of $6.65M to be paid 100% in cash (being $1.5M on the 6-month anniversary of the completion date; $1.5M on the 12-month anniversary of the completion date and $3.65M on the 18-month anniversary of the completion date).

The Share Purchase Agreement provides for a Completion Statement process to determine a Completion Adjustment amount (which incorporates the Completion Net Debt and Completion Working Capital). The Completion Adjustment totalled $5.495M and is reflected as a vendor loan as at the date of acquisition. $2.5M was paid prior to 30 June 2024 and the residual balance owing of $3M as at 30 June 2024 (as reflected in Note 17 Trade and other payables) is classified as a current liability as at the reporting date.

**Note 32. Related party transactions (continued)**

Mr McKay and Mr Meah are also co-founders of MyCISO. MyCISO offers a security platform that guides an organisation to assess, improve and manage their security program, alongside developing a cyber-aware culture. Infotrust and other members of the Spirit Group act as resellers of this security product. During the period from date of Infotrust acquisition (1 April 2024) to reporting date (30 June 2024) the Consolidated Entity has procured $586,000 from MyCISO. The Consolidated Entity also sub leases a premises in Sydney from MyCISO. The monthly rent is presently $6,968 (exc. GST). The lease has a termination date of 31 May 2025 unless extended by mutual agreement.

Mr Elie Ayoub, Executive Director, and Mr James Harb, Communication and Collaboration Co CEO, were the co-founders of Nexgen Australia Group Pty Ltd (“Nexgen”). The acquisition of Nexgen included a contingent consideration element by way of an earn-out structure based on performance targets for the 18 months ended 30 June 2023. The Company and the founders finalized these arrangements in their entirety in February 2023. As at 30 June 2023 a cash component of $6.7M remained to be settled 100% in cash. During the financial year ended 30 June 2024 $2.7M was paid and the remainder of $4M is classified as a current liability as at the reporting date.

The Consolidated Entity rents a premises in Sydney that is owned by Mr Elie Ayoub and Mr James Harb. The monthly rent is presently $27,392 (exc. GST) plus associated outgoings. The lease is currently rolling month to month and is in the process of being renewed.

Mr Julian Haber, Non-Executive Director (resigned 31 August 2023), was the co-founder of Intalock (Spirit) Cyber Security Pty Ltd (“Intalock”). The acquisition of Intalock included a contingent consideration element by way of an earn-out structure based upon EBITDA performance over a 12-month period ended 30 June 2022. The earnout consideration was to be settled 100% in cash. During the year ended 30 June 2024, $0.789M was settled representing the remaining acquisition consideration element owing.

During the financial year, the Company undertook a capital raise placement to fund the Infotrust acquisition and associated costs. The placement was made to 263 Finance Pty Ltd, being a significant shareholder and an associate of Non-Executive Director Shan Kanji (appointed 31 January 2024) and raised $16 million at 5.0c per share (being 320 million shares). Refer Note 25.

During the financial year Spirit issued convertible notes with a face value of $5.765M and a nominal interest rate of 8% as outlined in Note 22. Mr Julian Challingsworth, Managing Director and Chief Executive Officer, is a convertible note holder having subscribed for notes with a face value of $75,000 and has been paid interest of $3,337 for the period from 11 December 2023 to 30 June 2024.

There were no other transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

As noted above, the Company has a Vendor loan payable to Mr Simon, McKay Executive Director, and Mr Dane Meah, Non-Executive Director (being co-founders of Infotrust) totaling $3M as at 30 June 2024 (as reflected in Note 17 Trade and other payables) and is classified as a current liability as at the reporting date.

**Note 32. Related party transactions (continued)**

Mr Julian Challingsworth, Managing Director and Chief Executive Officer, is party to a Loan Share Plan that was approved by shareholders on 17 November 2022. Pursuant to the terms of the Plan he is able to finance the market value acquisition of Spirit shares on the ASX by way of a limited recourse loan or use the loan to reimburse Spirit share purchases to a value of up to $760,000.

The loan will become repayable if Mr Challingsworth ceases to be an employee of the Company and in other circumstances set out in the Plan. The loan is limited recourse, meaning that it can be satisfied in full by selling shares the subject of the loan. If the market value of the shares at that time is below the amount of the loan, Mr Challingsworth will not be required to pay the difference in value. To access the shares (for example, if Mr Challingsworth wanted the ability to sell the shares) he will first have to repay the cash amount of the loan. Escrow may also apply to shares in excess of the loan amount.

The loan is subject to interest at the 2-year BBSY to be determined at the date of the loan. Interest will be capitalised on the loan amount on a quarterly basis and on repayment will be added to the amount of the loan.

As at 30 June 2024 the loan amount is $757,000 (including capitalised interest). There were no other loans to or from related parties at the current and previous reporting date.

**Note 33. Legal parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | **Parent** | |
|---|---|---|
| | **2024** **$'000** | **2023** **$'000** |
| Profit/(Loss) after income tax | (495) | 621 |
| Total comprehensive income | (495) | 621 |

*Statement of financial position*

| | **2024** **$'000** | **2023** **$'000** |
|---|---|---|
| Total current assets | 980 | 945 |
| Total assets | 119,824 | 82,450 |
| Total current liabilities | 9,002 | 740 |
| Total liabilities | 47,736 | 40,327 |
| Equity | | |
| Issued capital | 149,682 | 119,411 |
| Reserves (Note 26) | 568 | 2,393 |
| Accumulated losses | (78,162) | (79,681) |
| Total equity | 72,088 | 42,123 |

## Note 33. Legal parent entity information (continued)

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The bank loan facility of $28M is secured first over the assets and undertakings of Spirit Technology Solutions Ltd and its wholly owned subsidiaries.

The parent entity had no other guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

*Capital commitments – Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Consolidated Entity except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 34. Business combinations

*Acquisition of InfoSurety during the current financial years*

The Company acquired 100% of InfoSurety Holdings Pty Ltd (trading as “Infotrust”) with effective control on 1 April 2024. The acquisition has been accounted for as a Business Combination under AASB 3 on a provisional basis. Infotrust is a fast growing and profitable cyber security business that 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.

**Note 34. Business combinations (continued)**

The fair values of the identifiable net assets acquired are detailed below:

| | Fair value $'000 |
|---|---|
| Cash and cash equivalents | 7,245 |
| Trade and other receivables | 5,354 |
| Accrued revenue | 692 |
| Prepayments | 721 |
| Deposits | 113 |
| Contract cost assets | 978 |
| Plant and equipment | 59 |
| Intangible assets (Customer Relationships) | 10,721 |
| Trade and other payables | (6,910) |
| GST payables | (596) |
| Vendor loans | (5,495) |
| Unearned revenue | (3,619) |
| Provision for income tax | (502) |
| Employee entitlements | (324) |
| Deferred tax liability | (3,216) |
| | |
| Net assets acquired | 5,221 |
| Goodwill | 29,429 |
| | |
| Acquisition-date fair value of the total consideration transferred | 34,650 |
| | |
| Cash used to acquire business, net of cash acquired: | |
| Acquisition-date fair value of the total consideration transferred | 34,650 |
| Less: deferred consideration (remaining to be settled) | (6,650) |
| Less: shares issued by Company as part of consideration | (14,000) |
| | |
| Net cash used | 14,000 |

**i. Consideration transferred**

Acquisition-related costs amounting to $1.965M are not included as part of the consideration for the acquisition and were recognised as transaction costs in the profit and loss statement.

**ii. Identifiable net assets**

The fair value of the trade receivables acquired as part of the business combination amounted to $5.354M. As of the acquisition date, the Company's best estimate was that this asset would be fully realised.

**iii. Goodwill**

Goodwill of $29.429M was primarily related to the Company's growth expectations through customer expansion. As outlined in Note 3, Infotrust forms part of the Cyber Security segment and goodwill on acquisition has been allocated to that segment.

**Note 34. Business combinations (continued)**

### iv. Completion and deferred consideration

The acquisition of Infotrust included a deferred consideration component of $6.65M to be paid 100% in cash (being $1.5M on the 6-month anniversary of the completion date; $1.5M on the 12-month anniversary of the completion date and $3.65M on the 18-month anniversary of the completion date).

The Share Purchase Agreement provides for a Completion Statement process to determine a Completion Adjustment amount (which incorporates the Completion Net Debt and Completion Working Capital). The Completion Adjustment totalled $5.495M and is reflected as a vendor loan as at the date of acquisition. $2.5M was paid prior to 30 June 2024 and the residual balance owing of $3M as at 30 June 2024 (as reflected in Note 17 Trade and other payables) is classified as a current liability as at the reporting date.

### v. Contribution to the Consolidated Entity's results

Infotrust's contribution to the Consolidated Entity's results as disclosed in Note 3 Operating segments are as follows:

| | FY24 $'000 |
|---|---|
| Revenue | 9,317 |
| Underlying earnings before interest, taxes, depreciation & amortisation* | 1,738 |
| Contribution to consolidated (loss)/profit before income tax | 1,421 |

* Refer Note 3 for definitions.

## Note 35. Interests in subsidiaries

| Name | Country of incorporation | Ownership Interest 2024 % | 2023 % |
|---|---|---|---|
| Spirit Technology Services Pty Ltd | Australia | 100% | 100% |
| Phone Name Marketing Australia Pty Ltd | Australia | 100% | 100% |
| World Without Wires Pty Ltd | Australia | 100% | 100% |
| Anttel Communications Group Pty Ltd | Australia | 100% | 100% |
| Ignite Broadband Pty Ltd* | Australia | 100% | 100% |
| LinkOne Pty Ltd* | Australia | 100% | 100% |
| Wells Research Pty Ltd** | Australia | 100% | 100% |
| Building Connect Pty Ltd* | Australia | 100% | 100% |
| Bigscreensound Pty Ltd, trading as Arinda IT | Australia | 100% | 100% |
| Phoenix Austec Group Pty Ltd* | Australia | 100% | 100% |
| Trident Computer Services Pty Ltd | Australia | 100% | 100% |
| Neptune Managed Services Pty Ltd* | Australia | 100% | 100% |
| VPDA Group Holdings Limited | Australia | 100% | 100% |
| Voice Print and Data Australia Pty Ltd | Australia | 100% | 100% |
| Live Call Pty Ltd* | Australia | 100% | 100% |
| Now IT Solutions Pty Ltd | Australia | 100% | 100% |
| Ancore Pty Ltd, trading as Altitude IT** | Australia | 100% | 100% |
| Beachhead Group Pty Ltd | Australia | 100% | 100% |
| Reliance Technology Pty Ltd | Australia | 100% | 100% |
| Intalock (Spirit) Cyber Security Pty Ltd | Australia | 100% | 100% |
| Nexgen Capital Pty Ltd | Australia | 100% | 100% |
| Nexgen Investment Group Pty Ltd | Australia | 100% | 100% |
| Business Telecom Australia Pty Ltd | Australia | 100% | 100% |
| Spirit Business Centre Pty Ltd | Australia | 100% | - |
| Spirit Capital Pty Ltd | Australia | 100% | - |
| Spirit Cyber Security Pty Ltd | Australia | 100% | - |
| InfoSurety Holdings Pty Ltd | Australia | 100% | - |
| InfoSurety Pty Ltd | Australia | 100% | - |
| InfoSurety Services Pty Ltd | Australia | 100% | - |
| ST1 People Pty Ltd | Australia | 100% | - |
| ST1 Corporate Pty Ltd | Australia | 100% | - |

For the purposes of this note the parent entity has been deemed as the legal parent entity Spirit Technology Solutions Ltd.

* Deregistered 7 July 2024
** Deregistered 17 July 2024

## Note 36. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

## Note 37. Reconciliation of loss after income tax to net cash (used in)/from operating activities

| | Consolidated | |
|---|---|---|
| | 2024 $'000 | 2023 $'000 |
| Loss after income tax benefit/(expense) for the year | (10,547) | (11,389) |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation expense | 4,258 | 4,073 |
| Net loss/(gain) on disposal of property, plant and equipment | (49) | 268 |
| Share-based payments | 189 | 567 |
| Acquisition and divestment costs | 2,850 | (200) |
| Net fair value loss on remeasurement of financial liabilities | - | 8,042 |
| Finance lease interest costs paid | 192 | 129 |
| | | |
| Change in operating assets and liabilities: | | |
| (Increase)/Decrease in trade and other receivables | (3,456) | 3,112 |
| Decrease in inventories | 486 | 1,492 |
| (Increase) in other assets | (1,942) | (2,277) |
| Decrease/(Increase) in contract assets | 1,343 | (1,503) |
| (Increase) in deferred tax assets (net) | (2,891) | (2,376) |
| Increase/(Decrease) in trade and other payables | 4,654 | (303) |
| Increase in convertible note interest accrued | 226 | - |
| (Decrease) in provisions | (799) | (514) |
| Increase/(Decrease) in unearned revenue | 1,360 | (2,851) |
| | | |
| Net cash used in operating activities | (4,126) | (3,730) |

## Note 38. Earnings per share

| | Number | Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 895,685,642 | 682,589,506 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 895,685,642 | 682,589,506 |

| | 2024 Total $'000 | 2023 Total $'000 |
|---|---|---|
| Loss attributable to the owners of Spirit Technology Solutions Ltd | (10,547) | (11,389) |

| | 2024 Total Cents | 2023 Total Cents |
|---|---|---|
| Basic loss per share | (1.18) | (1.67) |
| Diluted loss per share | (1.18) | (1.67) |

**Note 39. Share-based payments**

During the financial year ended 30 June 2024, 6,666,667 Performance Rights were granted by the Company to Mr Julian Challingsworth (Managing Director and Chief Executive Officer) with a vesting period ending 30 June 2026. 100% of the Performance Rights vest based on absolute total shareholder return ("**Absolute TSR**") performance of the Company, and the vesting schedule set out below:

- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.0675** at any time between grant and 30 June 2026.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.09** at any time between grant and 30 June 2026.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.1125** at any time between grant and 30 June 2026.

During the financial year ended 30 June 2024, 17,805,000 Performance Rights were granted by the Company to key management personnel and certain employees with a vesting period ending 30 June 2026. 100% of the Performance Rights vest based on absolute total shareholder return ("**Absolute TSR**") performance of the Company, and the vesting schedule set out below:

- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.0750** at any time between grant and 30 June 2026 and the participant remains employed by the Company up until the achievement of this VWAP hurdle.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.0938** at any time between grant and 30 June 2026 and the participant remains employed by the Company up until the achievement of this VWAP hurdle.
- One-third of the Performance Rights vest when the Company's 30-trading day Volume Weighted Average Price (VWAP) is equal to or greater than **$0.1125** at any time between grant and 30 June 2026 and the participant remains employed by the Company up until the achievement of this VWAP hurdle.

In addition, for each of the three tranches above, the following vesting conditions must also be met:

- only 50% of the Performance Rights in each tranche will vest if the participant remains continuously employed with the Company until 31 December 2024 <u>and</u> the Vesting Conditions for each tranche above have been met. If the participant does not remain continuously employed with the Company until 31 December 2024, none of the three tranches of Performance Rights above will be eligible to vest.
- the remaining 50% of the Performance Rights in each tranche will only vest if the participant remains continuously employed with the Company until 30 June 2026 <u>and</u> the Vesting Conditions for each tranche above have been met.

Performance Rights granted carry no dividend or voting rights.

**Note 39. Share-based payments (continued)**

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Set out below are summaries of options granted under the Spirit Technology Solutions Ltd Long Term Incentive Plan:

| 2024 Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired / forfeited / other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 14/05/2019 | 01/07/2023 | $0.150 | 6,000,000 | - | - | 6,000,000 | - |
| 14/05/2019 | 01/07/2023 | $0.180 | 6,000,000 | - | - | 6,000,000 | - |
| 14/05/2019 | 01/07/2023 | $0.215 | 6,000,000 | - | - | 6,000,000 | - |
| | | | 18,000,000 | - | - | 18,000,000 | - |

| 2023 Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired / forfeited / other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 14/05/2019 | 01/07/2023 | $0.150 | 6,000,000 | - | - | - | 6,000,000 |
| 14/05/2019 | 01/07/2023 | $0.180 | 6,000,000 | - | - | - | 6,000,000 |
| 14/05/2019 | 01/07/2023 | $0.215 | 6,000,000 | - | - | - | 6,000,000 |
| | | | 18,000,000 | - | - | - | 18,000,000 |

| | | | | | |
|---|---|---|---|---|---|
| Weighted average exercise price | $0.182 | - | - | $0.182 | $- |

The weighted average remaining contractual life of options outstanding at the end of the financial year was Nil (2023: Nil).

Set out below are summaries of Performance Rights granted under the plan:

| 2024 Grant date | Expiry date | Balance at the start of the year | Granted | Exercised | Forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|
| 22/04/2020 | 30/06/2024 | 326,972 | - | - | (326,972) | - |
| 13/10/2020 | 12/11/2023 | 1,605,312 | - | - | (1,605,312) | - |
| 11/06/2021 | 11/06/2024 | 534,378 | - | - | (534,378) | - |
| 29/11/2021 | 07/04/2025 | 4,513,686 | - | - | - | 4,513,686 |
| 11/03/2022 | 07/04/2025 | 1,694,799 | - | - | - | 1,694,799 |
| 11/07/2022 | 30/06/2026 | 6,250,000 | - | - | - | 6,250,000 |
| 10/02/2023 | 10/02/2026 | 11,847,000 | - | - | (595,000) | 11,252,000 |
| 29/12/2023 | 29/12/2026 | - | 6,666,667 | - | - | 6,666,667 |
| 14/06/2024 | 14/06/2027 | - | 17,805,000 | - | - | 17,805,000 |
| | | 26,772,147 | 24,471,667 | - | (3,061,662) | 48,182,152 |

**Note 39. Share-based payments (continued)**

| 2023 Grant date | Expiry date | Balance at the start of the year | Granted | Exercised | Forfeited | Balance at the end of the year |
|---|---|---|---|---|---|---|
| 22/04/2020 | 30/06/2024 | 653,943 | - | - | (326,971) | 326,972 |
| 13/10/2020 | 12/11/2023 | 2,232,387 | - | - | (627,075) | 1,605,312 |
| 11/06/2021 | 11/06/2024 | 620,685 | - | - | (86,307) | 534,378 |
| 29/11/2021 | 07/04/2025 | 11,000,000 | - | - | (6,486,314) | 4,513,686 |
| 11/03/2022 | 07/04/2025 | 2,000,000 | - | - | (305,201) | 1,694,799 |
| 11/07/2022 | 30/06/2026 | - | 6,250,000 | - | - | 6,250,000 |
| 10/02/2023 | 10/02/2026 | - | 11,847,000 | - | - | 11,847,000 |
| | | 16,507,015 | 18,097,000 | - | (7,831,868) | 26,772,147 |

The weighted average remaining contractual life of Performance Rights outstanding at the end of the financial year was 2.1 years (2023: 1.19 years).

For the Performance Rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|
| 29 December 2023 | 29 December 2026 | $0.080 | 72% | - | 3.68% | $0.0522 |
| 29 December 2023 | 29 December 2026 | $0.080 | 72% | - | 3.68% | $0.0473 |
| 29 December 2023 | 29 December 2026 | $0.080 | 72% | - | 3.68% | $0.0429 |
| 14 June 2024 | 14 June 2027 | $0.042 | 75% | - | 3.65% | $0.0418 |
| 14 June 2024 | 14 June 2027 | $0.042 | 75% | - | 3.65% | $0.0371 |
| 14 June 2024 | 14 June 2027 | $0.042 | 75% | - | 3.65% | $0.0330 |

| | Consolidated | |
|---|---|---|
| | **2024** | **2023** |
| | **$** | **$** |
| **Share-based payments expense reconciliation** | | |
| Issue of share options to Directors and employees under incentive option scheme | - | 1 |
| Issue of Performance Rights to Directors and employees under Performance Rights plan | 189 | 566 |
| | 189 | 567 |
| Loan Share Plan | 382 | 375 |
| Total share-based payments expense reconciliation | **571** | **942** |

*Material accounting policies*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using a Black-Scholes option pricing model

| Name | Type of Entity | Trustee of a trust, partner in a partnership or participant in joint venture | % of Share Capital Held | Country of incorporation | Australian resident or foreign resident (for tax purposes) |
|---|---|---|---|---|---|
| Spirit Technology Solutions Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Spirit Technology Services Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Phone Name Marketing Australia Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| World Without Wires Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Anttel Communications Group Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Ignite Broadband Pty Ltd* | Body Corporate | n/a | 100 | Australia | Australian |
| LinkOne Pty Ltd* | Body Corporate | n/a | 100 | Australia | Australian |
| Wells Research Pty Ltd** | Body Corporate | n/a | 100 | Australia | Australian |
| Building Connect Pty Ltd* | Body Corporate | n/a | 100 | Australia | Australian |
| Bigscreensound Pty Ltd, trading as Arinda IT | Body Corporate | n/a | 100 | Australia | Australian |
| Phoenix Austec Group Pty Ltd* | Body Corporate | n/a | 100 | Australia | Australian |
| Trident Computer Services Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Neptune Managed Services Pty Ltd* | Body Corporate | n/a | 100 | Australia | Australian |
| VPDA Group Holdings Limited | Body Corporate | n/a | 100 | Australia | Australian |
| Voice Print and Data Australia Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Live Call Pty Ltd* | Body Corporate | n/a | 100 | Australia | Australian |
| Now IT Solutions Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Ancore Pty Ltd, trading as Altitude IT** | Body Corporate | n/a | 100 | Australia | Australian |
| Beachhead Group Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Reliance Technology Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Intalock (Spirit) Cyber Security Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Spirit Cyber Security Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |

| Name | Type of Entity | Trustee of a trust, partner in a partnership or participant in joint venture | % of Share Capital Held | Country of incorporation | Australian resident or foreign resident (for tax purposes) |
|---|---|---|---|---|---|
| Nexgen Capital Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Nexgen Investment Group Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Business Telecom Australia Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Spirit Business Centre Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| Spirit Capital Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| InfoSurety Holdings Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| InfoSurety Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| InfoSurety Services Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| STI People Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |
| STI Corporate Pty Ltd | Body Corporate | n/a | 100 | Australia | Australian |

For the purposes of this note the parent entity has been deemed as the legal parent entity Spirit Technology Solutions Ltd.

* Deregistered 7 July 2024
** Deregistered 17 July 2024

# Directors' Declaration

**Spirit Technology Solutions Ltd**
**Directors' declaration**
**30 June 2024**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- the Consolidated Entity’s disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

James Joughin
Non-Executive Chairman

23 August 2024

# Independent Auditor's Report

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRIT TECHNOLOGY SOLUTIONS LTD

### Report on the Financial Report

### Auditor's Opinion

We have audited the accompanying financial report of Spirit Technology Solutions Ltd (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the Directors' Declaration of the Company and the consolidated entity (the Group) comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PKF

## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

| *Key audit matter* | *How our audit addressed this matter* |
| --- | --- |
| <u>Accounting for business combinations</u><br><br>As described in Note 34, during the year the Group completed the acquisition of 100% of the share capital in InfoSurety Holdings Pty Ltd (InfoTrust).<br><br>The total consideration for the InfoTrust acquisition is $34.6m, comprising $14m cash on completion, $14m in shares (at 4.6 cents per share, totaling 304.3 million shares) and the balance of $6.6m in deferred consideration, which is payable in cash, over the next 6 to 18 months.<br><br>Management utilised the services of an expert to assist with preparation of the completion statements and the purchase price allocation in relation to the acquisition.<br><br>Under AASB 3 Business Combinations, the Group is to apply fair value accounting for all aspects of the acquisition, whereby the difference between the fair value of consideration and the fair value of identifiable assets acquired (including identifiable intangibles), net of the fair value of liabilities assumed, is treated as goodwill.<br><br>We considered accounting for business combinations to be a Key Audit Matter due to the significant judgements applied in the accounting for the fair value of the consideration and the fair value of the identifiable assets acquired in accordance with Australian Accounting Standards. | Our procedures included, but were not limited to, the following:<br><br>• evaluating the Group's accounting treatment against the requirements of AASB 3, key transaction agreements, and our understanding of the acquisition and respective industry.<br>• assessing the methodology applied to recognise the fair value of identifiable assets acquired and liabilities assumed.<br>• validating inputs of the components of the business combination to underlying support including settlement contract.<br>• assessing Management's determination of the point at which control was gained of InfoTrust.<br>• assessing the provisional allocation of the purchase price for the entity acquired to the identifiable assets acquired – including any intangibles other than goodwill – and liabilities assumed.<br>• reviewing the accounting entries associated with the business combination.<br>• reviewing the related financial statement disclosures for the acquisition for consistency with the relevant financial reporting standards. |

| *Key audit matter* | *How our audit addressed this matter* |
|---|---|
| <u>Valuation of goodwill and indefinite life intangible assets</u><br><br>As disclosed in note 15, at 30 June 2024 the carrying value of goodwill and indefinite life intangibles totaled $96.9m (2023: $67.5m). The accounting policy in respect of these assets is outlined in note 15 Intangible Assets.<br><br>An annual impairment test for goodwill and other indefinite life intangibles is required under AASB 136 *Impairment of Assets*.<br><br>Management's impairment assessment has been performed using a discounted cash flow model (Impairment Model) to estimate the value-in-use of each Cash-Generating Unit (CGU) to which these intangible assets have been allocated.<br><br>The evaluation of the recoverable amount requires the Group to exercise significant judgement in determining key assumptions in respect of each CGU, which include:<br>• 5-year cash flow forecast;<br>• growth rate and terminal growth factor;<br>• discount rate.<br><br>We considered the valuation of goodwill and indefinite life intangible assets to be a Key Audit Matter due to their significance to the consolidated statement of financial position and the significant judgements involved in estimating discounted future cash flows. | Our procedures included, but were not limited to, assessing and challenging:<br>• the appropriateness of Management's determination of distinct CGUs to which goodwill and indefinite life intangibles are allocated.<br>• the application of an indefinite useful life to these intangible assets.<br>• the reasonableness of the FY2025 budget by CGU approved by the Directors, comparing to current actual results and considering trends, strategies and outlooks.<br>• the testing of inputs used in the Impairment Model, including the approved FY2025 budget.<br>• the determination of the discount rate applied in the Impairment Model and comparing to available industry data.<br>• the short to medium term growth rates applied in the forecast cash flow, considering historical results and available industry data.<br>• Management's sensitivity analysis around the key drivers of the cash flow projections.<br>• our sensitivity testing to understand the impact of changing key assumptions with respect to each distinct CGUs recoverable amount.<br>• the reasonableness of terminal growth rate assumption in use.<br>• the appropriateness of the disclosures as set out in note 15. |

| *Key audit matter* | *How our audit addressed this matter* |
|---|---|
| <u>Revenue recognition</u><br>The Group's operating revenue amounted to $125.8m for the financial year ended 30 June 2024 (2023: $127.1m). Note 4 *Revenue* describes the accounting policies applicable to distinct revenue streams in accordance with AASB 15 *Revenue from Contracts with Customers.*<br><br>We considered revenue recognition to be a Key Audit Matter due to the significance of the balance to the financial report and the varied timing of revenue recognition relative to the different revenue streams and the relative complexity of processes supporting the accounting for each. | Our procedures included, but were not limited to, the following:<br>• assessing Management's alignment of the Group accounting policy with the requirements of AASB 15 and application of Group accounting policies underpinning the revenue recognition processes, focusing on key areas of risk in respect of Management's determination of:<br>    o identification and timing of performance obligations;<br>    o principal versus agent considerations;<br>    o significant judgements and estimates;<br>    o the impacts of business combinations.<br>• performing walkthrough of controls in operation across the Group and assessing the adequacy of the various control environments in place throughout the year.<br>• performing a detailed analytical review over the Group's operating revenue and associated cost of sales, comparing actual results to expectations based on our understanding of the nature of each segment and key customer relationships.<br>• testing the consistency of the operation of processes to recognise revenue and associated costs of sale to ensure they conform with accounting standards and Group accounting policies.<br>• performing cut off procedures to assess the accuracy and completeness of deferred revenue at the reporting date.<br>• reviewing the appropriateness of disclosures regarding revenue recognition and related balances. |

### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Directors for the Financial Report

The Directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 ; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**Auditor's Responsibilities for the Audit of the Financial Report (Cont'd)**

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Auditor's Responsibilities for the Audit of the Financial Report (Cont'd)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

### Auditor's Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2024. In our opinion, the Remuneration Report of the Company for the year ended 30 June 2024, complies with Section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF

PKF
Melbourne, 23 August 2024

Kaitlynn Brady

Kaitlynn Brady
Partner

# Additional Shareholder Information

Spirit Technology Solutions Ltd
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 23 September 2024.

## *Distribution of equitable securities*

Analysis of number of equitable security holders by size of holding:

| | Number of holders of ordinary shares | Number of ordinary shares | % of ordinary shares | Number of holders of unlisted options, exercisable at $0.09, expiring 21 Sep 26 | Number of unlisted options, exercisable at $0.09, expiring 21 Sep 26 | % of unlisted options, exercisable at $0.09, expiring 21 Sep 26 |
|---|---|---|---|---|---|---|
| 1 - 1,000 | 190 | 22,545 | 0.00 | - | - | - |
| 1,001 - 5,000 | 675 | 1,953,130 | 0.11 | - | - | - |
| 5,001 - 10,000 | 458 | 3,635,799 | 0.20 | - | - | - |
| 10,001 - 100,000 | 853 | 31,636,433 | 1.71 | - | - | - |
| 100,001 - and over | 342 | 1,807,406,721 | 97.98 | 9 | 52,944,445 | 100.00 |
| | **2,518** | **1,844,654,628** | **100.00** | **9** | **52,944,445** | **100.00** |
| Holding less than a marketable parcel | 1,181 | 4,200,668 | 0.23 | - | - | - |

| | Number of holders of unlisted options, exercisable at $0.0375, expiring 24 Jul 29 | Number pf unlisted options, exercisable at $0.0375, expiring 24 Jul 29 | % of unlisted options, exercisable at $0.0375, expiring 24 Jul 29 | Number of holders of convertible notes | Number of convertible notes | % of convertible notes |
|---|---|---|---|---|---|---|
| 1 - 1,000 | - | - | - | - | - | - |
| 1,001 - 5,000 | - | - | - | - | - | - |
| 5,001 - 10,000 | - | - | - | - | - | - |
| 10,001 - 100,000 | - | - | - | - | - | - |
| 100,001 - and over | 7 | 26,666,664 | 100.00 | 2 | 1,000,000 | 100.00 |
| | **7** | **26,666,664** | **100.00** | **2** | **1,000,000** | **100.00** |
| Holding less than a marketable parcel | - | - | - | - | - | - |

| | Number of holders of performance rights | Number of performance rights | % of performance rights |
|---|---|---|---|
| 1 - 1,000 | - | - | - |
| 1,001 - 5,000 | - | - | - |
| 5,001 - 10,000 | - | - | - |
| 10,001 - 100,000 | - | - | - |
| 100,001 - and over | 26 | 48,182,152 | 100.00 |
| | **26** | **48,182,152** | **100.00** |
| Holding less than a marketable parcel | - | - | - |

**Spirit Technology Solutions Ltd**
**Shareholder information**
**30 June 2024**

### *Twenty largest quoted equity security holders*
The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | **Number held** | **% of total Shares issued** |
| 263 FINANCE PTY LTD | 664,494,881 | 36.02 |
| MEAH FAMILY HOLDINGS PTY LTD <THE MEAH FAMILY TRUST A/C> | 171,041,837 | 9.27 |
| MCKAY FAMILY HOLDINGS PTY LTD <THE MCKAY FAMILY TRUST A/C> | 154,060,705 | 8.35 |
| UBS NOMINEES PTY LTD | 131,890,881 | 7.15 |
| MR PETER DIAMOND & MRS DIANA DIAMOND <P & D DIAMOND SUPER FUND A/C> | 85,000,000 | 4.61 |
| G & N LORD SUPERANNUATION PTY LTD <GNR SUPERANNUATION FUND A/C> | 68,596,284 | 3.72 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 57,827,941 | 3.13 |
| MARQUEE HOLDINGS PTY LTD <E&R FAMILY A/C> | 55,988,507 | 3.04 |
| HARB HOLDINGS PTY LTD <THE HARB FAMILY A/C> | 35,440,563 | 1.92 |
| HARB HOLDINGS PTY LTD <THE HARB FAMILY A/C> | 20,547,945 | 1.11 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 18,135,917 | 0.98 |
| HURACAN HOLDINGS PTY LTD <THE HURACAN FAMILY A/C> | 17,996,664 | 0.98 |
| QUANTUM 777 PTY LTD <THE QUANTUM 777 FAMILY A/C> | 15,394,887 | 0.83 |
| BRIGGS GROUP CONSULTING PTY LTD <L & C BRIGGS FAMILY A/C> | 12,606,789 | 0.68 |
| EMPRESIO CAPITAL PTY LTD | 12,223,561 | 0.66 |
| MR JULIAN GORDON CHALLINGSWORTH | 10,896,341 | 0.59 |
| PENBURY GRANGE PTY LTD <JOUGHIN FAMILY S/F A/C> | 6,816,779 | 0.37 |
| CMLC PTY LTD | 6,790,867 | 0.37 |
| MR MATTHEW GREEN & MRS NATALIE GREEN <GREEN FUTURE FUND A/C> | 6,723,631 | 0.36 |
| CHEMBANK PTY LIMITED <CABAC SUPER FUND A/C> | 6,200,000 | 0.34 |
| | **1,558,674,980** | **84.50** |

### *Unquoted equity securities*

| | **Number on issue** | **Number of holders** |
|---|---|---|
| Options over ordinary shares issued, exercisable at $0.09 each, expiring 21 September 2026 | 52,944,445 | 9 |
| Options over ordinary shares issued, exercisable at $0.0375 each, expiring 24 July 2029 | 26,666,664 | 7 |
| Performance rights over ordinary shares issued | 48,182,152 | 26 |
| Convertible notes | 1,000,000 | 2 |

The following persons hold 20% or more of unquoted equity securities:

| | **Class** | **Number held** |
|---|---|---|
| FLANNIGAN HOLDINGS PTY LTD | Convertible notes | 500,000 |
| MCADAM FAMILY HOLDINGS PTY LIMITED <ATF ROBNDEE HYBRID TRUST> | Convertible notes | 500,000 |
| G & N LORD SUPERANNUATION PTY LTD <GNR SUPERFUND A/C> | Options over ordinary shares issued, exercisable at $0.09 each, expiring 21 September 2026 | 33,333,334 |

### Substantial holders
Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

| | Ordinary shares | |
|---|---|---|
| | **Number held** | **% of total shares Issued*** |
| 263 Finance Pty Ltd | 581,105,314 | 36.07 |
| Mr Simon McKay; McKay Family Holdings Pty Ltd <The McKay Family Trust A/C> | 152,173,913 | 9.44 |
| Mr Dane Meah; Meah Family Holdings Pty Ltd <The Meah Family Tryst A/C> | 152,173,913 | 9.44 |
| Thorney Opportunities Ltd / Thorney Technologies Ltd / TIGA Trading Pty Ltd | 84,362,373 | 5.24 |

**Indicative relevant interest in shares based on number of voting securities recorded as at the date of their last substantial shareholder notice lodged with ASX.*

**Spirit Technology Solutions Ltd**
**Shareholder information**
**30 June 2024**

**Voting rights**
The voting rights attached to ordinary shares are set out below:

Ordinary shares
All issued shares carry voting rights on a one-for-one basis.

Unquoted options
There are no voting rights attached to the unquoted options.

Performance Rights
There are no voting rights attached to the performance rights.

Convertible notes
All noteholders are entitled to vote at a Noteholder meeting on a one-for-one basis.

There are no other classes of equity securities.

**Securities subject to voluntary escrow**

| Class | Expiry date | Number of shares |
|---|---|---|
| Ordinary fully paid shares | 3 October 2024 | 15,217,392 |
| Ordinary fully paid shares | 3 January 2025 | 15,217,392 |
| Ordinary fully paid shares | 3 April 2025 | 258,695,650 |

**Share buy-back**
There is no current on-market share buy-back.

**Corporate Governance Statement**

The Company's 2024 Corporate Governance Statement is available on the Company's website at: https://www.spirit.com.au/investor-centre/

**Annual General Meeting**

Spirit Technology Solutions Ltd advises that its Annual General Meeting will be held on Wednesday, 20 November 2024. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX in due course. In accordance with ASX Listing Rules and the Company's Constitution, the closing date for receipt of nominations for the position of Director are required to be lodged at the registered office of the Company by 5.00pm (AEDT) on 9 October 2024.

# Corporate Directory

## Directors

Mr James Joughin (Non-Executive Chairman)
Mr Julian Challingsworth (Managing Director & CEO)
Ms Lynn Warneke (Non-Executive Director)
Mr Shan Kanji (Non-Executive Director)
Mr Simon McKay (Executive Director)
Mr Dane Meah (Non-Executive Director)

## Company secretary

Melanie Leydin

## Registered office

Level 4, 100 Albert Road
South Melbourne, Victoria 3205
**Phone:** 03 9692 7222

## Principal place of business

Level 2, 19-25 Raglan Street
South Melbourne, Victoria 3205
**Phone:** 1300 007 001

## Share register

Automic Group
Level 5, 126 Phillip Street
Sydney, New South Wales 2000
**Phone:** 1300 288 664 (within Australia)
+61 (0) 2 9698 5414 (International)

## Auditor

PKF Melbourne Audit & Assurance Pty Ltd
Level 15, 500 Bourke Street
Melbourne, Victoria 3000

## Stock exchange listing

Spirit Technology Solutions Ltd securities are listed on the Australian Securities Exchange
(ASX code: ST1)
ACN 089 224 402

## Website

spirit.com.au

# Thanks for reading.

Spirit

Secure. Sustainable. Scalable.

**E** investor@spirit.com.au **P** 1300 007 001 **W** spirit.com.au/Investor-Hub