

Spirit Technology Solutions Ltd

(ASX.STI)

Annual General Meeting Managing Director and CEO Presentation

29 November 2024



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Board of Directors

Our Board has extensive experience leading some of the most successful companies in Australia.



James Joughin

Chairman



Russell Baskerville

Deputy Chair, Non-Executive Director



Julian Challingsworth

Managing Director & CEO



Shan Kanji

Non-Executive Director



Lynn Warneke

Non-Executive Director



Dane Meah

Non-Executive Director



Simon McKay

Executive Director & CEO Cyber Security

Executive Team

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



Julian Challingsworth

Managing Director & CEO



Paul Miller

Chief Financial Officer



Zoe Rosenwax

Head of People



Nathan Knox

Chief Operating Officer



James Harb

Co-CEO Nexgen



Elie Ayoub

Co-CEO Nexgen



Simon McKay

Executive Director & CEO Cyber Security

Overview

Spirit provides services and solutions that enable organisations to be:

Secure

- Strengthen their security posture to match the constantly changing cyber threat landscape and respond to a privacy or cyber breach. Provide organisations with the confidence to execute their business plans knowing they are secured.

Sustainable

- Provide companies with smart networks, IoT devices, and reporting and management models to measure and reduce their carbon footprint, achieve net-zero targets and identify potential cost savings.

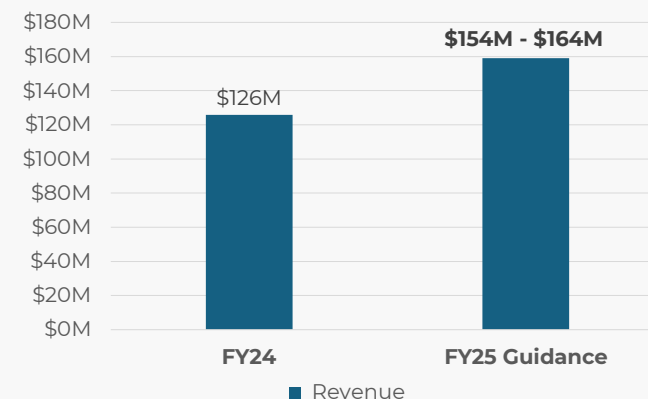
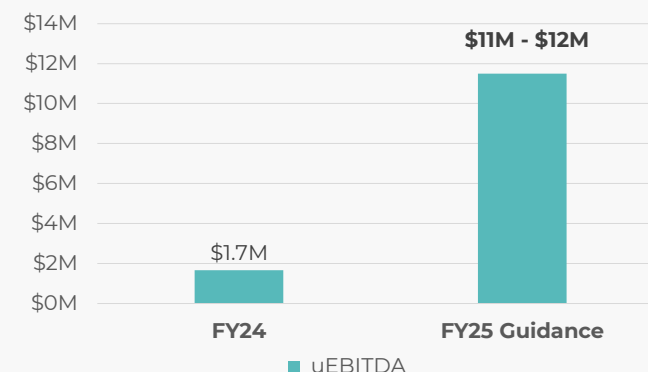
Scalable

- Remain ahead of the curve and accelerate their secure digital transformation by adopting modern, agile technology solutions that can easily adapt to changing business needs and achieve their technology investment goals.



Spirit Group FY24 Overview

- Spirit Group remains focused on becoming one of Australia's leading providers of secure digital workplaces, with cyber security at the core of everything we do
- Infotrust acquisition (April 2024) propelled Spirit's Cyber Security division to the forefront, making it the strategically most important contributor in FY24 for the Group
- FY24 performance adversely impacted by headwinds in the Communication and Collaboration segment and delays in Managed Services restructuring program
 - Revenue of \$126 million
 - uEBITDA¹ of \$1.7 million
- Well positioned for growth in FY25 and beyond following a strong finish to the year across all business units:
 - \$42 million in contract wins and renewals signed over Q4 FY24
 - Integration of teams, processes and systems of the existing Spirit cyber security business and Infotrust is well progressed
 - Positive momentum in Communication and Collaboration with record June sales of \$5.4 million in TCV after a challenging FY24 with higher interest rates impacting SMB confidence
 - Managed Services achieved underlying EBITDA breakeven exit point by June 2024 (while noting the impact of the delayed timeframe on the full year segment result)
 - Total recurring revenue now in excess of \$70m per annum
 - Current market guidance is for uEBITDA of **\$11m- \$12m** and revenue of **\$154m - \$164m in FY25** (revenue includes acquisitions).



¹EBITDA 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 share-based payments, loss/(profit) 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.

Infotrust Acquisition (April 24): Strategic Rationale

1 Highly complementary to Spirit's cyber offering	<ul style="list-style-type: none">✓ Expands Spirit's geographic presence with a deeper footprint in Sydney and Melbourne complementing Spirit's well-established presence in Brisbane✓ Strengthens relationships with key cyber security vendor partners✓ Minimal customer overlap with Spirit's existing Cyber Security business
2 Revenue and margin accretion opportunities	<ul style="list-style-type: none">✓ Synergies of \$1.4M expected to be achieved in FY25✓ Ability to serve Infotrust's customers through Spirit's state-of-the-art Security Operations Centre (SOC).✓ Opportunity to increase margins of Spirit's existing Cyber Security division by implementing Infotrust's delivery approach✓ Cross-sell opportunities from Spirit's other segments to Infotrust's customer base
3 Strengthened Board and management team	<ul style="list-style-type: none">✓ Infotrust's co-founder and CEO (Simon McKay) joined Spirit's Board as an Executive Director and CEO of the combined cyber security division✓ Dane Meah, Infotrust co-founder and CEO of key vendor partner, MyCISO, joined Spirit's Board
4 Spirit to become a cyber security business of scale	<ul style="list-style-type: none">✓ Scales Spirit's Cyber Security division to become the largest revenue contributor in the Company (and one of the larger cyber businesses in Australia), providing a foundation to make security services the core of the Company's products and solutions✓ Combined Cyber Security group revenue of \$65M at acquisition completion date, making Spirit a major player in the cyber security market✓ Supported by strong structural tailwinds with rapidly growing demand as the cyber security needs of Australian businesses continue to evolve and become increasingly complex

Forensic IT Acquisition (Sept 24): Strategic Rationale

1 Highly complementary to Infotrust's cyber offerings	<ul style="list-style-type: none"> ✓ Expands Spirit's cyber capability to enable rapid response to cyber incidents: Forensic IT responded to more than 180 incidents in FY24, further growth expected through cross-sell into Spirit's customer base. ✓ Expands our relationships with key cyber security partners, including police agencies, law firms and insurance companies. ✓ Limited customer overlap with Infotrust's existing customer base providing significant cross/up sell opportunities.
2 Revenue and margin accretion opportunities	<ul style="list-style-type: none"> ✓ Ability to expand the cyber security customer offering to include DFIR and sell these services into Spirit's 7,000 customer base. ✓ Ability to service customers via insurance and law firm panels previously not available to Spirit / Infotrust ✓ Opportunity to significantly increase revenue of Spirit's existing cyber division by implementing post breach remediation services and product sales, to assist customers to prevent the next breach.
3 Key team members to join the leadership team	<ul style="list-style-type: none"> ✓ Brendan McCreesh, Director of Forensics, joins the team bringing 12 years' experience as a forensics practitioner, specialising in forensic acquisition and analysis, electronic discovery and expert witness engagements ✓ Jordan Hunt, Director of Cyber & Incident response, joins the team bringing 15 years' experience specialising in complex matters ranging from cyber incident response through to various forensic engagements
4 Spirit to become a cyber security business of scale	<ul style="list-style-type: none"> ✓ Scales Spirit's Cyber Security division to become the largest revenue contributor, and cements Spirit's position as one of Australia's leading cyber security companies. ✓ Enhances Spirit's strategy to put security at the core of the Company's products and solutions. ✓ Supported by strong structural tailwinds with rapidly growing demand as Australian businesses' cyber security needs continue to evolve and become increasingly complex.
5 Scale and execution of growth strategy	<ul style="list-style-type: none"> ✓ Adds growth and scale, with Forensic IT recording LTM June 24 revenue of \$3.5 million and uEBITDA of \$1.45 million, plus cost out synergies of \$300,000 ✓ Delivers on Spirit's strategy of enhancing its organic growth with strategic acquisition opportunities.

Cyber Security becomes strategically most important division

uEBITDA contribution by division



Excludes Corporate costs

Cyber Security to become Spirit's largest division, growing from 12% in FY23 of the segment performance to 54% of the segment performance in FY25 further leveraging the company to the industry's strong structural tailwinds

Growth Pillars

Both the Infotrust and Forensic IT Acquisitions demonstrate execution of Spirit's refreshed go-to-market strategy, which provides a platform for the Company to become one of Australia's leading providers of cyber security, secure digital workplaces and communication solutions

1 Customer Growth

Cross-selling and up-selling offerings to existing customers of Spirit and Infotrust.

Cyber Security margin improvement from implementing Infotrust's delivery approach, sales execution and pipeline build.

C&C team to expand sales office, opening in WA, SA and Northern QLD



2 Partnerships

Further agreements and partnerships with our leading global technology partners.

Targeting 4,000 new customers and 100+ dealers over the next 12 months through the new Cisco agreement and Spirit's Business Centre's dealer program.



3 Expanded Offerings

Development of intellectual property to accelerate project delivery timeframes and build capabilities.

Several recently launched offerings to ramp up, including Spirit's cyber managed security solution from our new SOC.



4 Inorganic Growth

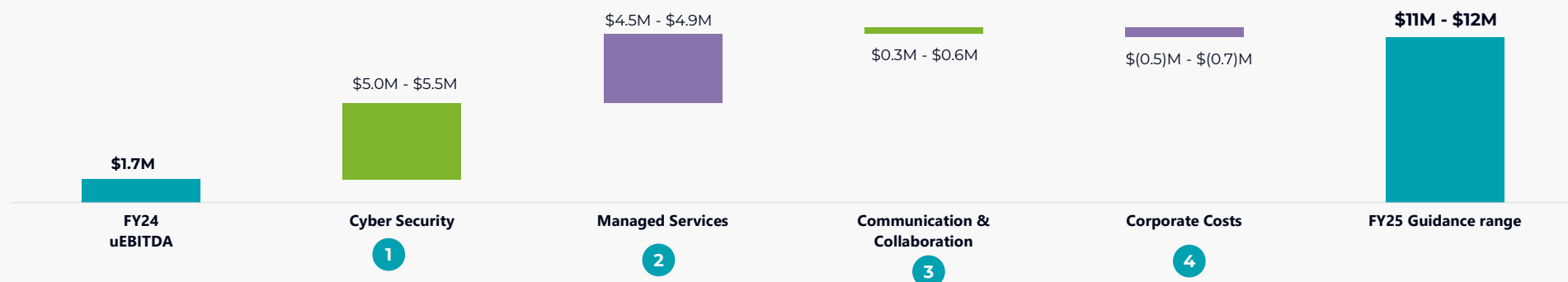
Further strategic acquisitions to grow in the Secure, Sustainable, Scalable space.



FY25 Outlook – Underlying EBITDA

All segments expected to exit FY24 in a positive run rate position, with growing momentum in Spirit's streamlined and refocused offerings

Illustrative Incremental Change in Underlying EBITDA Contribution



- 1 Growth driven by Infotrust acquisition in April 2024 & Forensic IT from control date of 1 October 2024, alongside assumed synergies (see 5). Increased sales pipeline from market demand, continued growth in the sale of security operations from the Company's SOC into new customers and Infotrust's existing customer base, and improved margins
- 2 Following completion of the restructuring, segment is expected to return to a positive earnings momentum with rebound expected in H1 FY25 and accelerating in H2 FY25 as the Group continues to secure more contract wins with its combined cyber and managed services offering
- 3 Conservatively expecting a rebound in growth noting continued potential softness given uncertainty over interest rate movements and SMB confidence. New initiatives underway to accelerate growth beyond these expectations
- 4 Corporate costs expected to marginally increase as the Company returns to a growth focus
- 5 Acquisition synergies: Infotrust integration synergies of \$1.4M & Forensic IT cost synergies of \$0.3M.
 - Infotrust:
 - Ability to serve Infotrust's customers through Spirit's state-of-the-art Security Operations Centre.
 - Opportunity to increase margins of Spirit's existing Cyber Security division by implementing Infotrust's delivery approach.
 - Cross-sell opportunities from Spirit's other segments to Infotrust's customer base.
 - Forensic IT:
 - Opportunity to leverage cross-sell opportunities beyond the forecast through sale of incident response retainers into Spirit's existing customer base.
 - Planned synergies from the post incident review process.

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:
 - Total recurring revenue now in excess of \$70m per annum
 - Revenue guidance of **\$154m - \$164m in FY25**, representing more than 20% growth on pcp (including acquisitions)
 - Cyber Security to be the largest revenue contributor
 - Significant opportunity to cross-sell to Infotrust's customer base
 - Communication & Collaboration target revenue growth of 10%
 - Improved profitability with expected uEBITDA of **\$11m- \$12m in FY25**
 - Margin accretion opportunities from Infotrust's additional offerings and scale
 - Positive earnings contributions expected from all segments, including a modest profit by Managed Services
 - Synergies of \$1.4m from the Infotrust acquisition expected to be progressively realised

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